



CFOs' Priorities Survey

Toward a Successful Transformation

February 2021





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Foreword

PwC Luxembourg is very pleased to present its “CFO’s Priorities Survey”, the primary objective of which, is to articulate the main challenges and opportunities of Luxembourg CFOs in today’s fast evolving environment.

A total of 36 CFOs and senior finance executives from the non-financial and financial sectors in Luxembourg have been interviewed in order to obtain a clear picture of their role in terms of performance management, talent management and upskilling, business process optimisation and use of technology. The survey also allows for the benchmarking of Luxembourg companies in the way they are adapting to changes.

The interviews have been conducted throughout the first nine months of 2020, and therefore capture the views of CFOs pre and post-Covid environment. We have observed that CFOs’ answers remained relatively unchanged by the pandemic, filling us with confidence that the key messages from this survey are relatively agnostic to the particular Covid-19 context.

PwC Luxembourg would like to warmly thank the CFOs who contributed to the survey, as well as all other internal and external stakeholders for their input. We hope that you will find it valuable and informative.

The Survey at a Glance



36 CFOs and Finance Executives interviewed



From the **non-financial and financial** sectors



25% are listed companies

CFOs' Top Priorities

1



Drive
Performance

2



Upskill talents

3



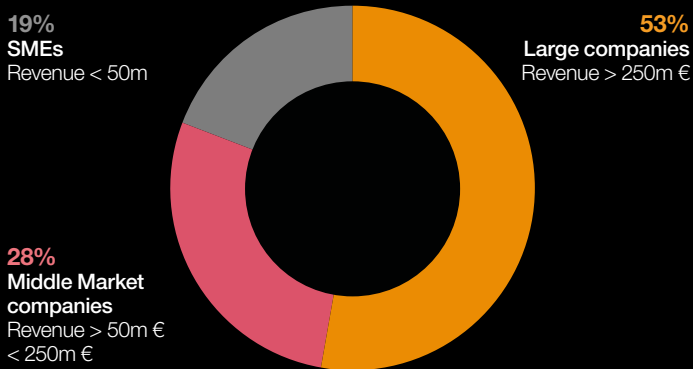
Exploit
technology

4



Optimise
processes

Breakdown by company size



Key takeaways

1st Lever

to support growth:
Transform the current organisation

1st Challenge

to drive performance:
Data Availability & Quality

80% of CFOs

plan to support growth with **Profit Analysis & Business Intelligence**

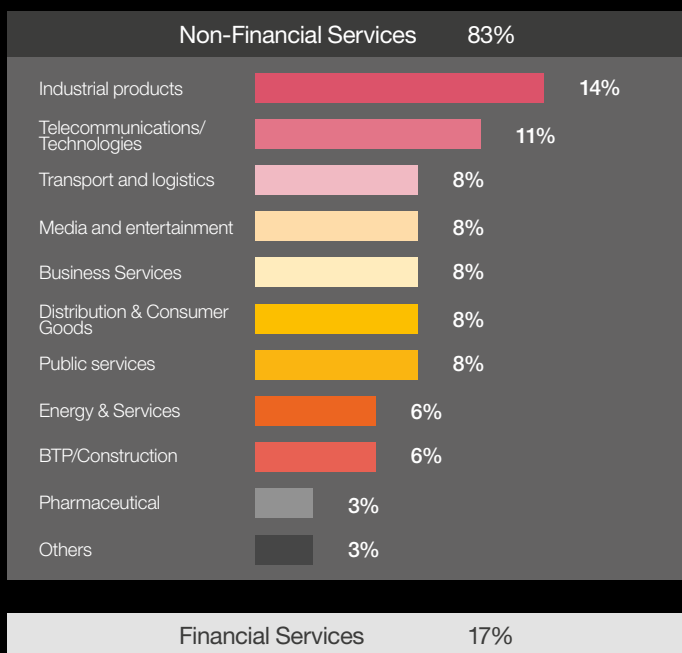
75% of CFOs

consider **Talent Management** as top priority for the next 3 years

80% of CFOs

are aware of the **Finance Function Cost** and future pressure

Breakdown by industry



Executive Summary



As the pace of technological evolution and pressure on the margins continuously increase, the finance function must adapt to the new needs of their companies. The Covid-19 pandemic has exacerbated this statement.

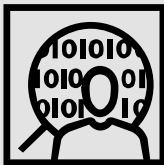
In this fast changing environment, companies should make bolder and faster decisions if they want to benefit from emerging opportunities offered in a more and more competitive market.

Whereas CFOs and their teams used to mainly focus on back office tasks, they identified a need to change their finance organisation, transitioning to business partners' roles and being more and more involved in strategic decisions.



The benefits from processes standardisation and automation may be numerous:

- **Cost reductions**
- **Increased reliability**
- **Faster decision-making process**
- **Additional flexibility**
- **More time to focus on value-adding tasks**

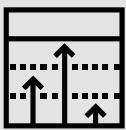


44%

of CFOs are currently transforming their finance function



To succeed in this transition, CFOs' priorities are to:



Drive the performance

with real time access to data and information giving them more time for strategic analysis and insight



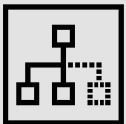
Upskill talents

mainly with Data Processing and interpretation skills



Exploit technological potential

with Process Digitisation Tools, Artificial Intelligence, Robots and Digital Dashboards



Optimise the current organisation

by improving internal processes

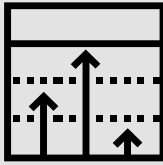
34%

of CFOs plan to transform their finance function in the next 3 years

22%

of CFOs have not planned any transformation yet

1



Drive the performance

80%

of CFOs plan to contribute to the growth with profitability analysis & business intelligence

CFOs now want to be able to predict the future performance of their companies rather than spend time explaining the past

To succeed in this change, finance functions should adapt their tools, become tech-savvy by improving their data analytics capabilities and understanding the full potential of technologies. They should define a comprehensive approach that will ensure the alignment of the performance model throughout the entire organisation, the integrity of data and simplicity of use on a daily basis.

To support the growth of their company, CFOs intend to steer business decisions with meaningful forward looking insights using Artificial Intelligence and more than 50% are already considering implementing “what if?” analysis tools.

2

Upskill Talents



CFOs endorse a clear HR strategy by upskilling their teams and developing/retaining key talents

The technological transformation happening in the finance function can create a barrier for non-digital natives who don't fully grasp the direct benefits of technology and the positive impact it may bring to their work. This can lead to potentially strong but understandable fear, hence a reluctance to adopt those new technologies.

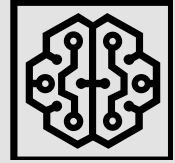
Finance executives are currently investing in upskilling programmes to help their people becoming more digitally savvy and to create a future-proof skillset across their finance organisation. This approach is instrumental in optimising the engagement of their people and mitigating resistance to change.

40%

of respondents indicate that their main concern about their current finance organisation is their people's digital fitness readiness

3

Exploit technological potential



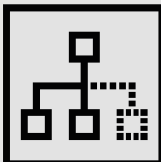
Most of the interviewed CFOs have started their technological transformation while they expect full benefit of their investment over a 2-3 year horizon

67%

of CFOs rank the use of emerging technologies amongst their top priorities

Technology is the cornerstone of the finance function transformation as it links performance, talent management and processes. CFOs declare that their top 3 objectives in the technological space are the digitalisation of processes, the use of Artificial Intelligence and/or robotics and the deployment of digital dashboards. Implementing digital dashboards will allow one to see immediate results of the technology shift, but starting with process digitalisation and data management solutions is a prerequisite for the use of more efficient and complex technologies such as Artificial Intelligence and all the benefits that come with it.

4



Optimise the current organisation

42%

CFOs' fourth priority is the alignment and optimisation of the processes as enabler for faster access to accurate data

of CFOs consider process improvement as their main challenge in supporting their company's growth

Technological shifts within a company are usually the main triggers for processes alignment and optimisation. They should always be a synonym for process reassessment related to compliance, efficiency, and roles and responsibilities.

CFOs indicate that process improvement implies cost reduction and operational excellence, usually resulting in margin improvement.

Process improvement is mainly a result of automation which, in turn, increases speed and accuracy.

Gains from automation require a higher degree of process standardisation, allowing automation to be implemented on a larger scale.

The standardisation is of importance, in particular for larger organisations with more complex structures.

1



Drive Performance

Performance Management is at the core of the finance function, driving investments and managerial decisions.

Performance Management is ranked as the number 1 priority by the interviewed CFOs. To achieve good excellence in this area, their focus should be on finding the right balance between technology, processes and skills.

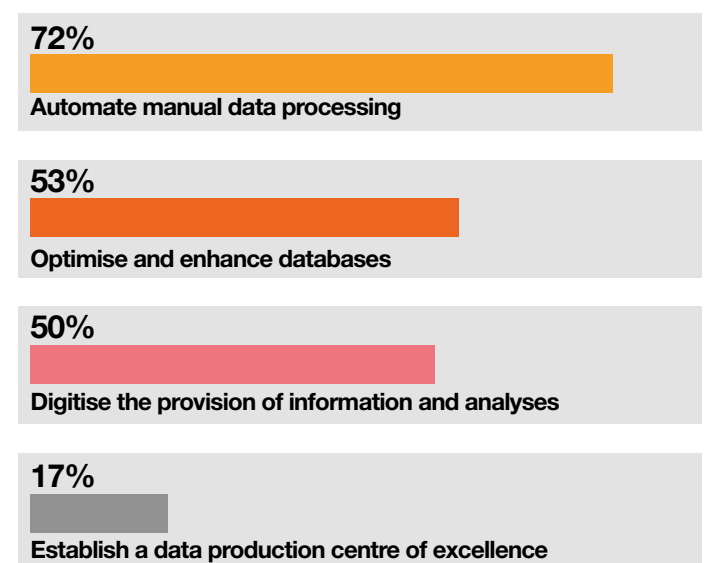
Figure 1: Which Performance Management challenges do you expect to face in the near future?



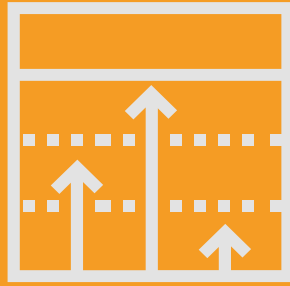
Freeing up time for qualitative insight

The scope of finance has broadened over time, and with the exponential volume of data, less time is devoted to providing value and insights. Freeing up time for higher added value tasks is one of the biggest challenges of interviewed CFOs: more than 60% of them identified reducing data production time as a significant challenge and 72% mention the automation of manual data processing as the first lever to speed up data production.

Figure 2: Which levers do you plan to implement to speed up data production?



Percentage of CFOs per lever (multiple choice question)



Availability & quality of data

Data quality is at the heart of effective performance management. It requires tailored processes and powerful tools to collect, extract and process an increasingly large volume of data from all over the organisation. Simple analyses on spreadsheets are no longer sufficient and efficient. CFOs have captured this problem by classifying the deployment of tools around big data, artificial intelligence and machine learning as top 3 goals for 2020.

Trust your reporting

Data can only be as good as what it is used to produce. Half of the respondents to the survey want to expand their business reports, primarily with predictive analysis and non-financial data, showing a need to better predict what comes next and escape accounting limitations. Communication between operations, processes harmonisation and controlling culture within the company should benefit from deeper business insights, bringing more efficiency to the company and helping to focus on key KPIs.

Figure 3: How do you envisage the evolution of your financial reports in the near future?

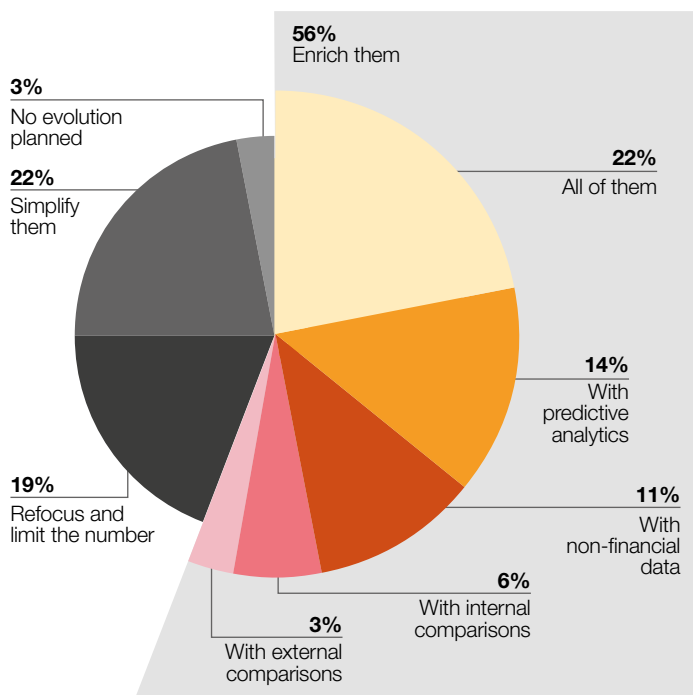
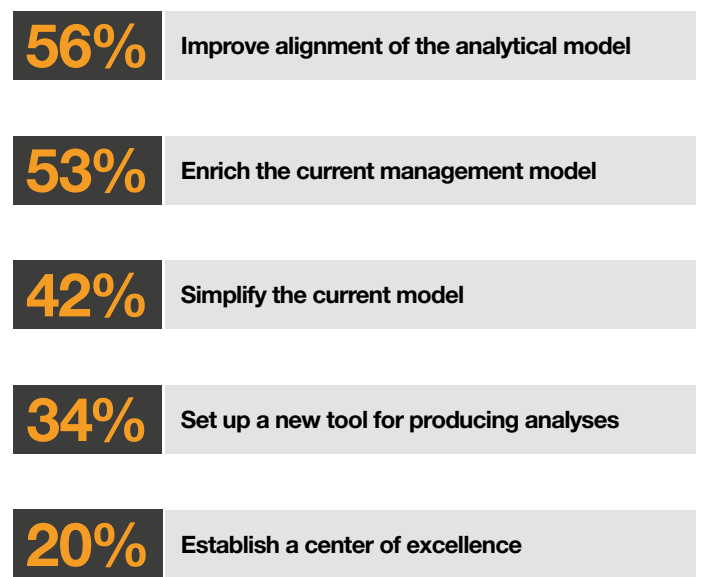


Figure 4: Which levers do you plan to implement to improve the quality of information and analysis?



Percentage of CFOs per lever (multiple choice question)

1. Drive Performance

What are the drivers available to CFOs in order to effectively manage this transformation and the challenges to do so?

Drivers to achieve the shift

The options available to CFOs for improving their performance management are quite vast and mainly start with new technology.

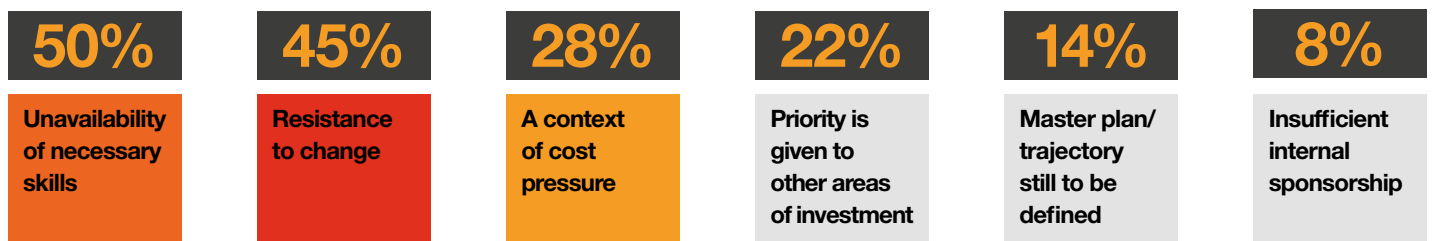
Nevertheless, new technology is not the only aspect to consider for the transformation of performance management. A realignment of the performance model and its common understanding through a proper share of information top down from strategy to operations, Finance and IT function is essential - siloed changes can

hardly produce the desired results. This is why a holistic approach should help reduce inefficiencies. Starting from the alignment of the strategy and the KPIs, a Target Operating Model ("TOM") clearly evidences the data needed to compute the KPIs and the processes required to collect the data. The creation of new positions and the upskilling of people to data analytics and insights is also crucial to achieve the transition.

Challenges to achieve the shift

The unavailability of necessary skills, the resistance to change and the cost pressure are the main constraints to implement the levers needed.

Figure 5: Which constraints are you facing to implement the levers required to drive the performance?



Percentage of CFOs facing each constraint (multiple choice question)

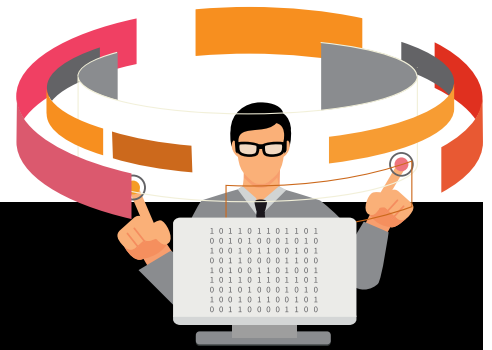


Performance – An expert’s opinion



Julien Jacque

Business Intelligence Expert in the Technology and Digital Services
Expert in business intelligence solutions for finance



“Modern data management solutions save time and improve quality and data availability for analysis.”

“Intuitive feature-rich analytic solutions expand analytical capabilities and deepen insight with minimal upskilling.”

“Self-service governance models set a holistic performance management framework while encouraging data driven decision making.”



Technology is fundamentally transforming how finance functions are approaching performance management and what the business expects from it. Considering our client collaborations, industry developments, and best practices, there are three key trends on how CFOs are redefining performance management.

The time required to capture, process, and prepare quality data for performance management has long been a challenge for finance functions, and this year is no different. And, with the growing volume of financial and non-financial data, CFOs are coming under increased pressure to find solutions. That’s why many CFOs have begun embracing modern data management solutions to automate data preparation and simultaneously expand data collection to other relevant non-financial and external data. These solutions are allowing our clients to prepare data faster and expand the scope and depth of performance management.

The nature of insights is also changing, where CFOs are expected to not only provide hindsight on historical performance but also foresight on future events and impacts. Intuitive and feature-rich analytics solutions are allowing finance functions to not only improve the user experience of dashboards, but also dramatically expand analytical capabilities and efficiency with minimal upskilling. For example, integrated root cause and trend analysis through machine learning can empower users to instantly discover underlying contributors to variances and/or developing trends. Meanwhile, guided predictive functionalities allow users to quickly construct a predictive model based on patterns and relationships in historical data. Lastly, dynamic simulation capabilities allow CFOs to weigh the impact of different decisions across the Profit & Loss statement via value driver tree and what-if analyses. These are just a handful of examples of how many of our clients are embracing technology to redefine how performance management provides meaningful insight.

True enterprise performance management stretches far beyond the finance function. It’s a culture and a mindset that should be embedded throughout the organisation to align performance and encourage data-driven decision making. In order to facilitate such a culture, our clients are adopting self-service business intelligence governance models. It’s a two-fold approach, where (1) the validated metrics and reports are available in a digital boardroom on a management level and (2) all relevant data from the data management solution and the analytics platform is made available – under predefined access rules - to the business to create, share and collaborate on reports. Such an approach creates a holistic framework for enterprise performance management while encouraging the business to innovate and take decisions on analytical grounds.

From saving time on data preparation, to embedding a holistic performance management framework, these trends reflect how CFOs in Luxembourg and internationally are addressing the growing demand for meaningful timely business insights.

2

Talent management & upskilling

“Developing talents” and “upskilling” are top priorities for CFOs to match the technological transformation happening in the finance function.

Through the years, CFOs started embracing a business partner role: they are increasingly expected to provide meaningful input on the strategy and evolution of their business compared to the past: the first change faced by finance executives and their teams is the involvement in business decisions.

To make it happen, CFOs are expecting their teams to step-up by focusing on more added value tasks (e.g. figures analysis/ predictions, process optimisation).

This is made possible by more automation, more digitalisation of recurrent tasks (e.g. data processing/ data transformation).

The need for the finance function to transform and digitalise impacts the role of the CFOs and their teams with the apparition of new concepts and working methods such as business intelligence, Smart ERP, Artificial Intelligence and robotisation.

Figure 6: What are the main changes in the finance function faced by your team?



- 1** Disconnection with business decisions
- 2** Process digitalisation
- 3** Implementation of new technologies
- 4** Participation in the development and growth
- 5** Operation and development of databases
- 6** Evolution of standards and regulations



75%

**of CFOs
consider talent
management
in the top 3
priorities**

CFOs are driven by technological evolutions when thinking about improving the effectiveness of their finance departments. This demonstrates a clear need for adapting and upskilling the current workforce as well as for implying a new type of profile with “digital” background. According to the survey respondents, talent development is a top priority in the CFOs’ agendas, right after “drive performance”.



2. Talent management & upskilling

61%

Change management capacity as a key driver for upskilling

The skills that CFOs would like to develop within their finance department are primarily data processing & interpretation capabilities, cross-functional team coordination, and digital management. CFOs nowadays are looking for tech-savvy people with strong and empathic leadership, creative thinking and

inquisitiveness who are able to take advantage of the potential benefits of new technologies and to find the best fit for continuously changing business needs. Talents are no longer only considered for financial literacy, they must now show their ability to evolve as digital citizens constantly learning and adapting to their environment.

61% of CFOs expect their teams to develop data processing & interpretation skills

Figure 7: Which skills would you like to develop within your finance department to meet the challenges brought by these developments?



77%

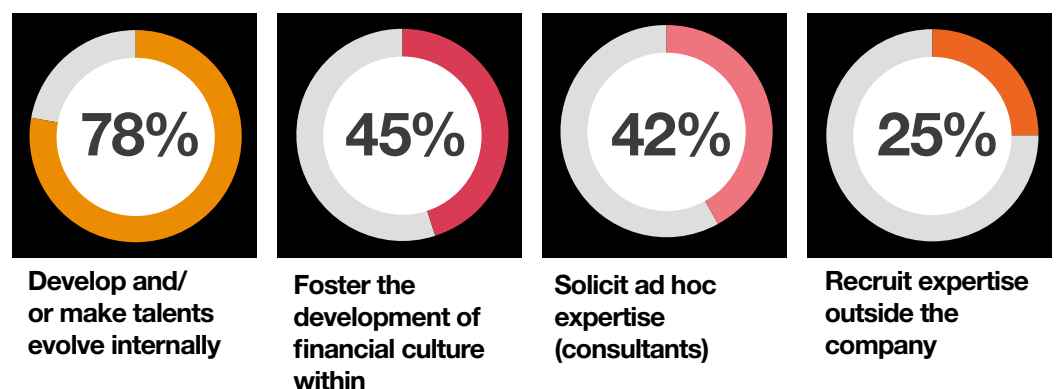
77% of CFOs plan to develop skills by upskilling their own workforce

In order to raise the required skills in their teams, CFOs will focus first on internal resources by upskilling talents, promoting the development of a financial culture and then finding external solutions by outsourcing and soliciting consultants' expertise.

Overall, CFOs are expecting their people to be more agile and able to work cross-functionally within the organisation, embodying the role of business partner expected from them.

The benefit of upskilling is clear: it helps to keep transformation up to speed. Not only do new skills generate new career possibilities for your team within your finance organisation, but more importantly, upskilling allows your people to understand the benefits of technological evolutions in their work, making their job more attractive and so they embrace changes instead of resisting them.

Figure 8: Which actions do you plan to implement to develop these skills?





Talent Management – An expert’s opinion

Virginie Laya

Organisational Transformation Expert in the People & Organisation Services
Expert in upskilling, people development and change management



“Upskilling as a shared responsibility towards employability and competitiveness. Employees are ready to learn!”

77%

of adults would learn new skills now or completely retrain to improve their future employability.

Source: Upskilling Hopes and Fears pwC’s survey on technology, jobs and skills 2019.

6 out of 10

adults lack basic ICT skills or have no computer experience.

Source: OECD Employment Outlook 2019: The Future of Work.

“Ensuring the right person on the right job at the right moment and with the right skills is a must going forward.”

Digital disruption appears as an essential driver of organisational transformation next to climate change and regulation but also demography, specifically in western countries where retirement cliffs are to be expected in the coming decade. All of these have one common impact: the skills demand on the job market has already started and will continue to shift towards a differentiated skills mix.

Ensuring the presence of the right skills has become one of the C-suite top priorities over the recent years. This is also true for CFOs in Luxembourg, according to the present survey, and this is a good sign. Beyond the wide consensus on the importance of upskilling, what matters is action, and the benefits are numerous: retention of key talent and institutional knowledge, better adequacy of skills demand and skills supply as well as a win-win situation for all stakeholders: employees enhance their lifetime employability while companies boost their competitiveness. According to the 23rd PwC CEO Survey, companies with more advanced upskilling programmes cite improved engagement, innovation and ability to attract and retain talent.

The finance function is often impacted by automation risks, among others, due to repetitive administrative tasks (e.g. accounting function). However, this is also a tremendous opportunity for capacity gain and focus on value-added tasks. Tasks related to e.g. process improvement, data analysis and modelling, as well as controlling, can strongly support the CFO in their strategic role. As a consequence, one can observe the rising demand in skills related to data, digital and social skills, the latter accelerated by the recent COVID-crisis where remote working has enhanced the need for virtual collaboration and use of digital tools – and this can still be a challenge if we consider that in 2019, the OECD still counted 6 out of 10 adults lacking basic ICT skills. Learning agility will almost play an important role as people will need to adapt to new tools, roles and tasks on a regular basis.

How can CFOs ensure going forward that they have the right skills mix in their teams? This is actually easy to answer. It is all about defining your future operating model and related skills needs first i.e. where are you heading and what do you need to be successful. In order to align to this target, you need to ensure you know the current skills of your team and can assess the gaps to your target, so as to retain or upskill with this specific target in mind. It is between 8 and 10% of the jobs of an organisation that are disrupted every year, so it is up to the organisation to engage in such a direction on a long term basis and invest in training in a more focused way so as to ensure the right person on the right job at the right time thanks to the right skills.



3

Digitalisation & Data

Digitalisation will shape the finance of tomorrow. 78% of the CFOs are currently transforming, or plan to transform, their finance function.

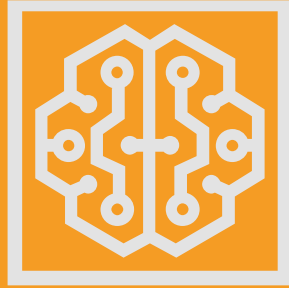
CFOs are conscious that maximising the potential of new technology is a mid-term objective: it is ranked as their 3rd priority in the 3 coming years.

Considering the increasing appetite for digitalisation and technology, how will CFOs manage this transition?

Figure 9: Priority ranking of technology in 2020 and for the next 3 years (% of respondents)

Priority of technology	in 2020	in the next 3 years	
1	14%	20%	▲
2	11%	22%	▲
3	19.5%	25%	▲
4	19.5%	19.5%	=
5	19.5%	8.0%	▼
6	16.5%	5.5%	▼

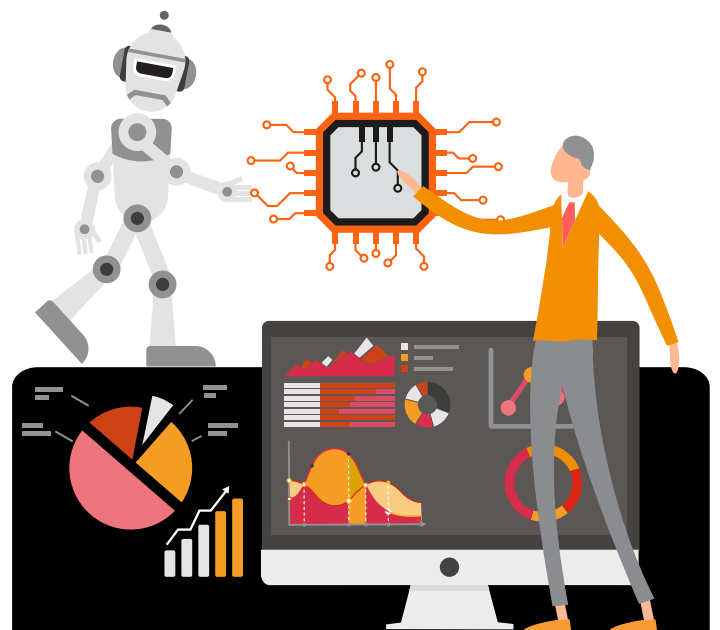




CFOs' primary technological interests are the digitalisation of processes, Artificial Intelligence, robots and digital dashboards. Artificial Intelligence and machine learning have the potential to support management with the production of complex predictions such as trends and future financial insights, while robots can operate simple and repetitive tasks, redirecting employees to more value-adding activities. CFOs classified Artificial Intelligence as their second interest.

Figure 10: Regarding the technological potential, which innovations would you like to explore?

1	Process digitalisation tools
2	Artificial intelligence and robots
3	Digital Dashboards
4	Software as a Service (SaaS) - Cloud
5	ERP 2.0
6	Data lake or data warehouse
7	EPM (Enterprise Performance Management) 2.0
8	Blockchain



AI & Digital Dashboards use case for Industrial Products

Self-service reporting for all finance functions and use of machine learning are used to create the pre-analysis within the month end reports.

The analysis is then refined by the Finance Planning & Analysis team and based upon the changes made, the machine continues to learn and adapt.

3. Digitalisation & Data

What are the drivers available to CFOs in order to effectively manage this transformation and the challenge to do so?

We asked the CFOs in which part of their finance function would the following technological enablers bring the most added value. They told us: Accounting, Controlling and Financial Planning & Analysis.

Figure 11: Most valuable impact of technological enabler per function

	Accounting	Controlling	FP&A	Consolidation	Taxes
Process digitisation for	1	2	3	5	4
Enterprise Performance Management for	3	1	2	4	5
ERP 2.0 for	1	2	4	3	5
Datalake or data warehouse for	2	1	3	5	4
Artificial intelligence & Robots for	1	2	3	5	4
Digital Dashboard for	3	1	2	4	5
SaaS for	1	2	3	4	5

In line with their responses, please see below a list of use-cases, which provide more insight into each technological enabler:

Datalake or Data warehouse

A Luxembourgish company asked us to support them in embedding a data-driven decision-making culture to drive profitability. Based on their strategic objectives, analytic use cases, and organisational structure, it was decided to implement an enterprise wide self-service business intelligence platform. This included a cloud-based data warehouse, visualisation/analytical solution, and financial planning solution. Our approach provided users access to the relevant financial, commercial, operational, and people data within a strict governance model. It also simultaneously empowered them with powerful intuitive analytical solutions to drive their data driven decision making capabilities. The company benefited from a new historical and predictive profitability suite, digital boardroom for standardised KPIs and dashboards, and empowered users making day-to-day decisions based on their departmental data.

Digital dashboard

A client in Luxembourg wanted to replace their legacy reporting solution with a modern powerful visualisations solution. The solution should be very intuitive for the standard users, yet employ powerful analytical capabilities (e.g. including augmented analytics for automatic root-cause analysis, trend analysis, predictive analytics, and machine learning) so that limited upskilling would be required. Through the collection of functional, technical, data, and user group requirements within the scope of an RFP, such a solution was selected and implemented. The benefits achieved by the client include a dynamic modern dashboard ready for use by management, significantly enhanced analytical capabilities with limited upskilling, and faster business insight by power and standard users alike.

ERP 2.0

One global organisation started a company-wide Business Transformation Programme to align their operating model to their new strategic goals, increase profitability and drive efficiency. Their priority is to get benefits from simplified and standardised transactional processes and industry-enriched content in the new ERP. What they will get:

- A preconfigured ERP with standard processes,
- Business planning scenarios,
- Industry specific-processes and configuration,
- Templates and sample deliverables,
- Industry insight and leading practices.

Volume of data under management have increased significantly. A more extensive use of data management technologies will enable the implementation of digital dashboarding, providing the finance function with access to real-time figures that can be easily disseminated across the company. Currently, most of the finance departments only produce operating reports using transactional data, or ad-hoc reports based on spreadsheets. Whilst 25% of the respondents use self-service analysis from data warehouses, almost none of them have data-driven predictions or actionable insights – technologies currently adopted, or in progress of implementation by financial departments (implementation of data lake, data warehouse and business intelligence tools), confirm the backward-looking focus.

CFOs will succeed in becoming business partners by engaging their companies in this crucial gearing towards the future.

In 2020, 50% of the respondents claim to be considering the implementation of planification and scenario tools, and more than 25% of the projects already planned for 2021 involve the implementation of advanced analysis tools/models, confirming the transition from basic usage of data to deeper and forward-looking analysis enabled by technology.



The treasury quote

“Treasury can create added value and go beyond protecting a company’s financial well-being in being the laboratory for further digitisation. The complexity of the treasury, its sophistication and the number of IT applications make it “the” reference department for change and modernisation of the finance function.

Rethinking treasury is one piece of the whole finance function revamping. Reporting must become automated, forward-looking, more frequent, faster to produce and more relevant.

We should move towards “real-time treasury” on demand. By enhancing the ergonomics of existing IT solutions, and consolidating dashboards, the treasurer can go beyond and create strategic value. Technologies and the current economic situation will power these necessary changes to face the “new abnormal”.

François Masquelier – Simply TREASURY

	Datalake	High performance DWH	Self service BI	Tools for what if	Custom made analytics model
Already adopted	11%	31%	31%	3%	5.5%
In progress	22%	33%	28%	0%	5.5%
Planned for the coming year	3%	0%	11%	11%	8%
Not planned but under analysis	39%	22%	22%	44%	25%
Not applicable	25%	14%	8%	42%	56%

4

Process alignment & optimisation

CFOs have classified the alignment of processes and organisation as the 4th most important priority for the coming years. The main challenges are automation, cost reduction and standardisation. Management needs to choose the right level of automation while emerging technologies are changing the way of working.

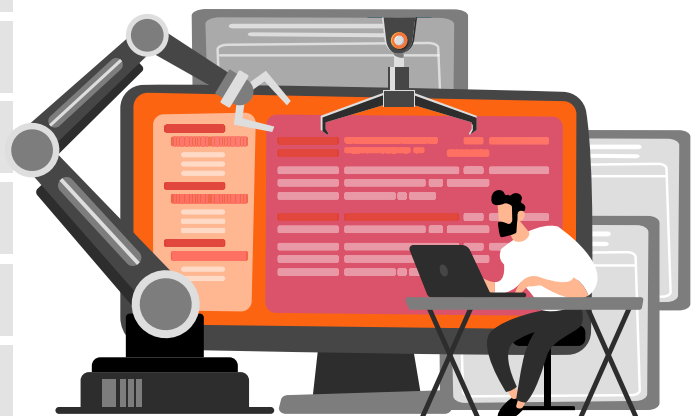
Companies in Luxembourg have already taken a step towards process alignment and optimisation, showing a high level of process centralisation and a moderate propensity to externalise.

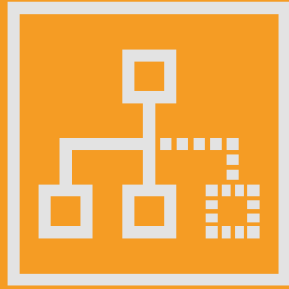
The survey shows that the improvement of their Purchase-to-Pay, Order-to-Cash and Record-to-Report processes is expected with the use of technological enablers such as Digital Dashboards, Robots, Vendor Invoice Management, Digital Procurement and Customer Experience Management.

Out of the survey, we also understand that the most interested functions to realign and optimise their processes are Accounting, Controlling and FP&A. This does not mean that CFOs should essentially focus on those areas. Leading companies will be the ones that do not only focus on one segment, but rather make connections and decisions that create value for the whole business.

Figure 12: Which major organisational challenges are you facing?

1	Automate processes
2	Lower the costs
3	Standardise processes
4	Improve available skills
5	Improve the level of service and the quality of interaction
6	Refocus on high added value expertise activities
7	Reduce silos in the organisation





30-40%

of time can be reduced with finance automation and behavior change

A thorough case for change will bring to the surface any number of opportunities to automate, reduce costs, and increase efficiency of transactional and compliance-related processes.

This was perfectly outlined in our PwC Global Finance Effectiveness Benchmarking, which indicated that 30-40% of the processing time for several key finance processes such as management reporting and tax accounting could be eliminated with automation and behavior change.



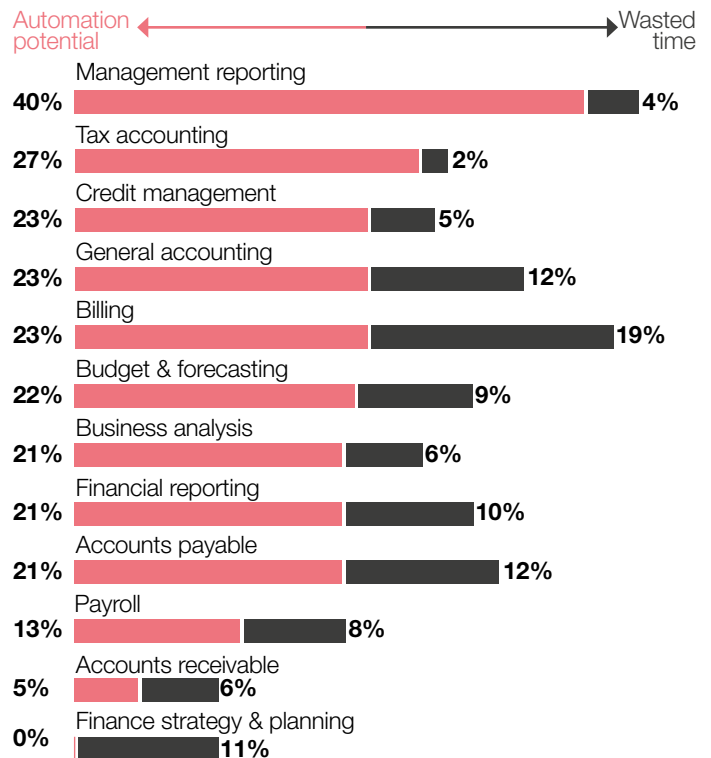
The tax quote

The Luxembourg regulatory environment and the increase of digital requests have provoked among CFOs a growing interest in tax process automation and tax data standardisation. This requires the deployment of innovative technologies and needs the exploitation of data. As a result, +50% of CFOs have already centralised tax information into a single system.

This evolution of tax operational models should allow for centralised governance at a global scale thanks to shared service centers or third-party subcontractors usually associated with an increase in the skills of the tax departments through the hiring of support & technology profiles and/or trainings.

Technological investments should change the structures of tax services, as beyond the advantage of compliance, process automation will free up the resources of the tax department, enabling it to focus on strategic tax planning with greater added value.

Stéphane Rinkin, Partner – PwC Luxembourg



Source: PwC, Finance Effectiveness Benchmarking, August 2019.

4. Process alignment & optimisation

More than **80%**

CFOs have the challenge to automate and standardise their processes while reducing the cost of the finance function

of finance executives monitor the cost of their function and are aware of the future costs pressure

Figure 13: Cost of finance by company revenue - Luxembourg

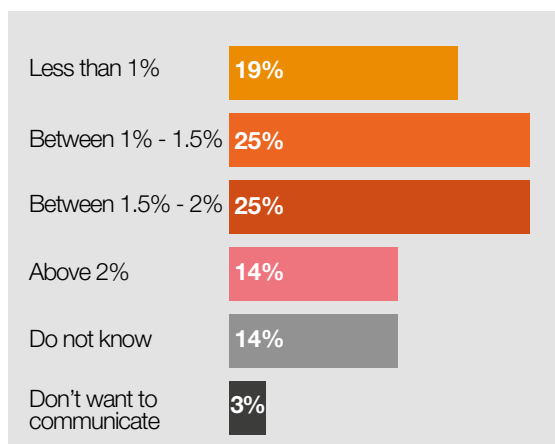
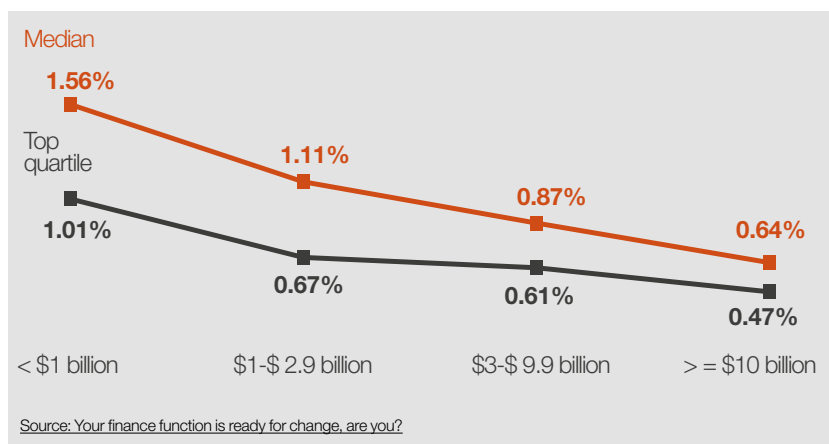


Figure 14: Cost of finance by company revenue - worldwide



Transformation levers for Purchase to Pay (P2P)

47%	Dematerialisation of invoices including tax
42%	Better integration of procurement and end-to-end solutions
25%	Professionalisation of P2P teams
25%	Master data
8%	Supplier collaborative platform

Transformation levers for Order to Cash (O2C)

42%	Recovery
42%	CRM and customer relationship management
28%	Master Data
22%	Automation of imputations and lettering
25%	Dematerialisation
14%	Professionalisation of O2C teams

Transformation levers for Record to Report (R2R)

64%	Dashboard and data visualisation
39%	Robotisation of reporting
34%	Professionalisation of R2R teams
22%	Fence management tool
22%	Robotisation of transactions

Percentage of CFOs focusing on each transformation lever (multiple choice question)

Client case: the dynamic self-service dashboard

A global company implementing internal controls across nine functions across territories struggled to report on the progress of the implementation with the right level of detail per type of stakeholder. They chose to produce a self-service online dashboard providing the

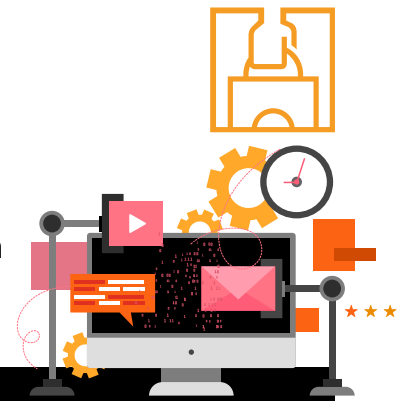
status at global, country and function level. This solution gave a clear view to Management on the advancement and risks, and the drill-down options enabled Process Owners to identify blocking points and have fast traction where needed.

Process automation – An expert’s opinion

Caroline Mouget

Finance Transformation Leader in the Technology

Expert in Finance Transformation roadmap, case for change and process automation



“Have a roadmap for finance effectiveness, not automation”

Benefits of process automation

Benchmark of Top Performers (40% less time to close and report)

- Period-end close cycle (<4 days)
- Forecast preparation (<7 days)
- Annual Budget preparation (<80 days)

The levers necessary to achieve productivity and cost reduction in finance are usually clear to many organisations. However, investing in the right automation strategy that aligns best with their business goals and vision can be complex. Our advice is to:

- Define a roadmap with long term actions and quick wins,
- Align with the business, taxes and compliance before you start,
- Sequence new technology solutions in line with role changes and
- Do not underestimate the culture, strategic goals and appetite for change of your organisation. Automation leads to effectiveness only when properly tailored.

Transformation is not linear and the starting line is different for each company, therefore the first step is to perform a diagnostic of the different finance areas.

The diagnostic can reveal the finance function costs and improvement/automation areas. This should help CFOs understand how they compare against external peers when it comes to costs and other KPIs (number of invoices treated, number of controls, closing times,...) and identify pitfalls and unnecessary activities.

Enablers and value drivers

There are many tools and technologies to simplify, accelerate, or remodel processes for high-impact return as well as rationalise and redesign control structures to shift from detective to predictive controls.

Making the right choice of automation strategy depends on the value drivers for each part of the finance value chain. CFOs should invest in the right mix of robust processes and agility to adapt to business changes.

Technological drivers for process automation

Pre-configured Cloud ERP

Next generation cloud ERP and a ‘fit to standard’ design enables simplification and standardisation of global processes and controls which improve data quality and drive a highly efficient end to end process.



Robotic Process Automation

Leveraging ‘fit to standard’ Cloud ERP; end to end transaction processes can be automated with RPA and automation can extend further with Blockchain and speech Recognition.



Machine Learning Intelligent Automation

Machine Learning further automates finance processes beyond transactional, such as automation of the “first mile” of budgeting & planning, the close process, performance management insights and analytics.



Connected Self-Service Data

Cloud ERP and Finance Data Lakes within memory computing, simple to use app interface, speech recognition and chatbots - real time self service reporting further enhances the process.



Digital Twin & Process Monitoring

A digital replica and monitoring of end to end finance processes, potential bottlenecks and the ability to simulate process optimisation through changing team workload or applying RPA drives continuous improvement.



Predictive Risk & Regulatory Reporting

Automated controls have advanced to predictive controls over and above retrospective trend and anomaly analysis. Integration tools further enhance controls with electronic regulatory reporting.



An illustration at the top of the page shows a man in a yellow sweater and grey trousers standing on an orange platform. He is reaching out towards a robot with a white and grey body and a head that looks like a circuit board. The robot is also reaching towards a large, glowing orange circuit board with various components. The background is black, and the overall theme is human-robot collaboration and technology.

Conclusion

“Only the fittest will survive.”

History has proven that this very well-known quote from Charles Darwin is as relevant today as it was when he spoke these words. As living organisms, companies and their Management have constantly adapted and evolved to better fit to their environment, to conjuncture and to technology.

From Taylorism to Lean Management, from Human Resources to Talent Management and from Manual Accounting to Cloud-based Solutions, companies have relentlessly searched for the optimisation of their performance.

We can no longer doubt we are in a new era where the Finance function has evolved from being considered as a mere finance guardian to become a key stakeholder in business decisions and is now acting as a real Business Advisor. Decision making can no longer be solely focused on historical data and should rather be data-driven and forward looking. It should also embed talents within this journey through their upskilling and the digitalisation of their work.

This survey clearly outlines that Finance Executives in Luxembourg understand the necessity to transform the Finance function to meet their prime objectives of driving performance, managing talent and optimising processes. They are now ready to take the plunge. However, we cannot omit that transformation is only as good as the leaders who identify its opportunities, the experts who deliver it and the talents who work with it every day. Transforming your organisation without having correctly assessed your needs, the goals you want to reach and the expected benefits, could lead to failure.

The key to success in transforming your organisation should be based on a holistic Finance Transformation Strategy and Roadmap. The transformation journey should have the support from the Management and be led in close collaboration between the Finance, Business and IT teams to guarantee long-term value creation.



Methodology



The “CFOs’ Priorities Survey” has been realised with the aim of evaluating current and upcoming financial trends at a local scale. CFO interviews have therefore been conducted in Luxembourg in 2020.

We would like to thank all the CFOs who contributed to this study by having shared their priorities and the challenges they face in 2020 and will face over the next three years.

Our 57-question survey has been divided in eight parts focusing on the following specific aspects:

General Information

The role of the CFO in supporting a company’s growth

Talent Development

Performance Management

Treasury, Financing, Investment and Tax

Organisation and Transactional Processes Management

Risk Management

Exploitation of Technological Potential



Amongst the respondents, **90.3%** CFOs and finance function executives were interviewed in the course of a face-to-face meeting with a PwC expert, while **9.7%** responded to the survey via a dedicated online questionnaire which was available in French and English. Some of these interviews are quoted in this report.

The sample includes **72.2%** of Financial Directors, **5.6%** of Financial Controllers and **22.2%** of other executive positions in Finance department.

Furthermore, the survey brings together CFOs from companies of various sizes across the country. In fact, the turnover of participating companies ranges from <10M€ to +250M€, with **52.7%** of them having a turnover in excess of 250M€, **22.2%** between 100M and 250M€, **5.6%** between 100M and 50M€ and **19.5%** with a turnover of less than 50M€.

25% of represented companies in this study are listed companies or part of a listed group. They also count from 100 to +2300 employees in Luxembourg, with **44.4%** employing more than 1000 people, **13.9%** between 400 and 1000, **16.7%** between 150 and 400 and **25.0%** less than 150 people.



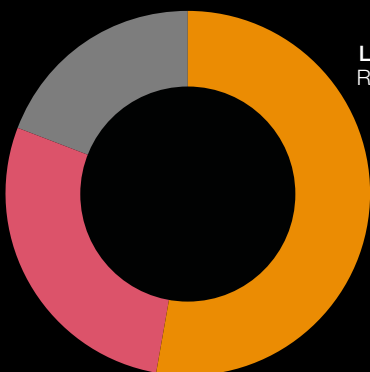
As illustrated by the chart below, many different business industries are represented among the sample as well, in both public and private sectors and financial and non financial area

Breakdown by company size

19%
SMEs
Revenue < 50m

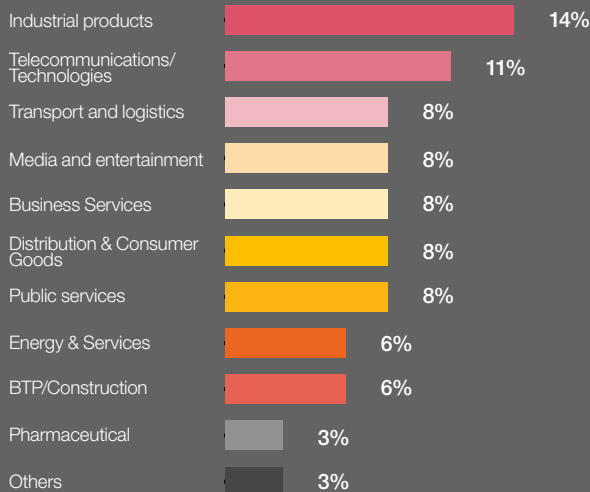
53%
Large companies
Revenue > 250m €

28%
Middle Market
companies
Revenue > 50m €
< 250m €



Breakdown by industry

Non-Financial Services 83%



Financial Services 17%

On another note, **29%** of interviews were realised after the COVID-19 crisis began, which influenced the answers of the sample.



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