



## How AI will transform the CFO's role

As smarter automation takes over rote tasks and AI is deployed alongside analytics, finance leaders will become instrumental in guiding business strategy.

Perhaps no business function — or C-suite role — offers such fertile ground for automation and AI to help spur growth as finance.

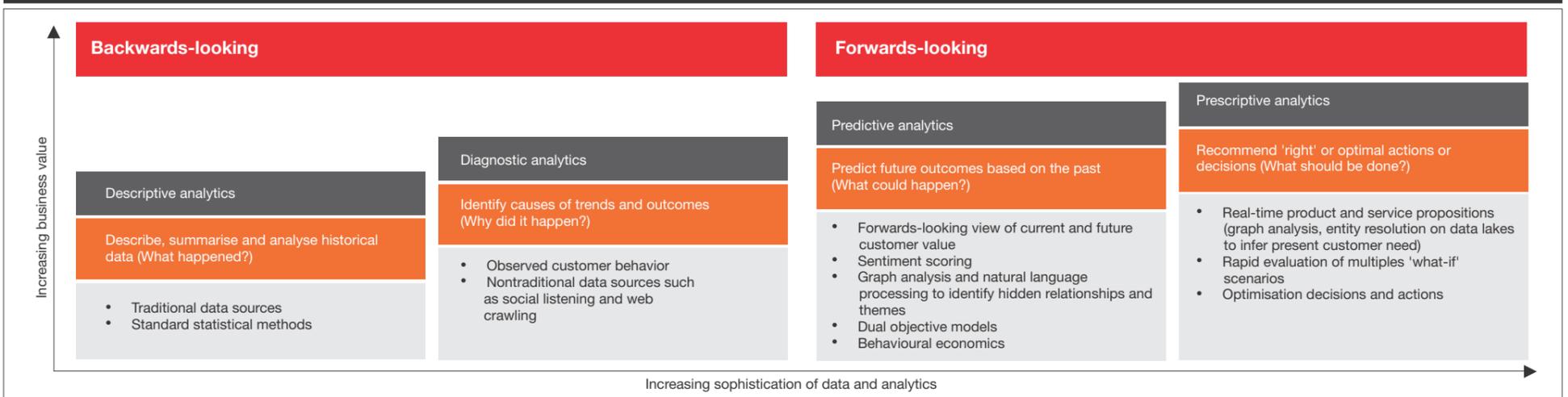
In every industry, chief financial officers (CFOs) must contend with a variety of challenges, including sluggish growth, new competitors, an evolving workforce, changing business models, exploding amounts of data, greater regulatory complexity and a persistent need to cut costs. In this environment, it's no longer enough for CFOs to be the financial stewards in their organisations, ensuring finance reports are accurate and complete. In addition, they now need to harness the data flowing through the organisation to take on a more strategic role, helping fellow business leaders see not only where the organisation stands at any given moment, but also where it can and should be next week, next month and next year.

Technologies such as robotic process automation (RPA), intelligent process automation (IPA) and artificial intelligence (AI) — combined with various analytics approaches and tools — can help CFOs move forwards on this path and ultimately transform the entire finance function. According to PwC's Finance Effectiveness Benchmarking Report 2019, 61% of finance leaders believe that finance functions could become more effective with improved technology.

CFOs are uniquely positioned to lead a broader organisational shift into digitization. They have insight into all business units and can help leaders from every area of the organisation understand the why of finance data, not just the what — ultimately leading to smarter business decisions throughout the enterprise.

There's a logical sequence for how CFOs can lead this change. It starts with basic automation tools to handle routine, predictable processes like reporting and reconciliation (leading to increased efficiency and lower costs), and to improve the performance of a given function (improving accuracy and speed). After standardising and automating repetitive tasks, the finance department can start applying more advanced tools such as AI and analytics to interpret data, more accurately predict what will happen according to a variety of factors, and plan for various scenarios. In other words, CFOs would follow a path starting with descriptive analytics and proceeding through more accurate diagnostic, predictive and prescriptive analytics. See image:

Exhibit: The path to digitising the finance function



Here's how CFOs can lead this change:

### Set targets for outcomes and benefits

For many CFOs, plans for where to implement automation and AI will be closely linked to broader digital transformation goals for the entire enterprise. They need to be clear about what's most important to their organisation? Efficiency, effectiveness, expansion or disruption? Robotic process automation (RPA) can help increase both efficiency and effectiveness by automating time-consuming finance functions.

To tackle more complex objectives like expansion or disruption, organisations need to use more advanced tools, such as AI and machine learning. These tools will help them make better decisions and uncover new market opportunities.

### Directly involve frontline employees

From a cultural perspective, CFOs need to understand that automation and analytics can seem like a disruptive threat to many employees. During the implementation phase, organisations need to position the new tools as an opportunity to do more interesting, value-creating work, rather than something that will replace human staff. In many cases, organisations can overcome resistance and generate buy-in by giving people the training, tools, autonomy, incentives and appropriate governance structures to get involved in designing and implementing solutions.



This may include giving the finance workforce a hands-on role in developing and deploying a digital tool kit that ultimately automates and streamlines processes, freeing employees for higher-value work. CFOs must look for ways to bring finance experts together with data scientists to marry specialised expertise with technical ability.

### Define your area of focus across people, processes and performance

Automation for its own sake isn't the objective. CFOs should use automation as part of a broader transformation to a modern finance function, balancing their focus across people (upskilling and creating new career paths that improve the employer value proposition of the finance function), processes (making that function more effective) and performance (generating bottom-line financial results for the company). There is clearly a lot of room for improvement: as recently as two years ago, 60% of the global organisations surveyed for PwC's Finance Effectiveness Benchmark Study were still working with Excel spreadsheets in an effort to gain year-end financial insights.

### Put a governance structure in place, both for data and for AI overall

Your goal should be to create a governance structure that lets finance pull data from the right sources, ensure that it is accurate and clean, and give access to the right people at the right time — when that access can lead to better decisions. Don't overlook external, unstructured data that you can integrate with your internal data to help you provide strategic guidance to the business in order to mitigate risk and ensure compliance, for example, or economic data to run what-if scenarios and feed predictive analytics.

Helping business leaders use the data often requires presenting it in new ways, through visualisations, dashboards and other tools. This may mean you need to provide dynamic selfservice dashboards that allow business users to create custom comparison views and link to more detailed data to give them the necessary context for specific data sets. Governance also requires restricting access to data in order to prevent sensitive information from getting into the hands of people who don't need it.

### Prepare the workforce

Frontline employees need structured training and upskilling programmes to be able to contribute high-value work in a finance function where more tasks and processes are automated.

Some finance organisations may need a culture shift among their employees as well. In the past, finance rewarded adhering to rote processes and avoiding risk. Finance has traditionally been concerned with certainty and accuracy of historical data. The changes you want to encourage, ideally by adjusting your own perspective, should help your team cultivate a more exploratory, proactive mind-set.

### Conclusion

When CFOs begin automating rote processes, the finance function runs more efficiently and effectively, with greater speed and accuracy and lower costs. And when CFOs start applying such advanced tools as AI, they shift from descriptive to predictive and prescriptive applications, helping finance anticipate changes and becoming a true source of business intelligence in the organisation. These tools do not replace human staff but rather augment them. For CFOs, the only question regarding automation and AI is how to begin. Implementing technology today is a different matter than it was in the past. It happens faster, and it prioritises real-world pilots and experimentation rather than planning and deliberation. For CFOs, after thinking through the points above, the final step is to embark on some initiatives: identify use cases involving automation through straightforward tools like RPA, move into more ambitious AI-powered initiatives and build on that experience over time. Only by doing so will you begin to create and equip a truly modern finance function, with the capabilities to compete today and into the future.

Excerpts from the report How AI will transform the CFO's role. Download full version here

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