

Finance Priorities in the COVID Era: Digital Dominance and Flexible Labor Models

Executive Summary

Protiviti's 2020 Global Finance survey highlighted that finance leader priorities are substantially unchanged from prior year despite a very atypical and extremely disrupted year, courtesy of COVID-19. Enabling technologies, talent management and increased internal customer expectations represents the key themes for 2020 in the UK.

This consistency in messages suggests that leading CFOs are committed to ongoing finance transformation, equipping their departments with the foundational building blocks needed to operate digitally, flexibly and resiliently to support their organisations, regardless of current circumstances or the next crisis.

This is unsurprising - digital transformation, financial planning and human capital management are key in the response to competition and market forces and also to combat the disruption brought by the pandemic. These topics may have not changed significantly, but the CFO's point of view and approach to some of these priorities have accelerated in light of the pandemic, with new perspectives and ways of working emerging, some of which are destined to remain for the long term.

Interestingly, the survey suggests organisations in the UK have proven to be more resilient, and the overall finance output is less disrupted than counterparties around the globe. In relation to significant or very significant impacts on the following areas, the UK scored generally better than other participants:

- Financial reporting - was significantly disrupted in 21% (UK) vs 45% (Globally); and
- Overall disruption or delays of finance operations 49% (UK) vs 67% (Globally).

This is despite both UK and global organisations being moderately to very well prepared to shift to remote working (UK: 85% vs Global: 91%). This may be partly due to lower percentage of UK participants relying on BPO providers (and UK respondents being from global organisations with robust technology infrastructures, proportionally more than other markets).

Other trends observed - cash management, funding requirements and contingency planning were key priorities during the pandemic across the globe. However, the UK seems to have taken a more decisive approach to workforce cost cutting (69% vs 59%) than other markets and a much less significant change in approaching risk assessments (e.g. significant level of concern related to data security/privacy – 29% vs 53%) and risk management (e.g. likelihood of risk assessment response will change - 50% vs 63%). However, there was recognition that financial risk management is required to be addressed in the near term and was noted as one of the top 3 key activities/processes (behind Financial Planning and Analysis (FP&A)) requiring action by finance leaders.

The key themes observed from the survey for the UK are:

		
<p>Digital Finance Transformation</p>	<p>Human Capital Management</p>	<p>Forward-looking Data-driven Business Partnering</p>
<p>Finance has an ever-increasing role to play with data and enabling technologies.</p> <p>A good proportion of UK organisations are committed to increasing their budgets to strengthen data security, cloud applications and enhanced data analytics</p>	<p>The volume and significance of priorities ranked by managers and professionals below the CFO/VP level increased markedly compared to our prior year's results. This suggests that, more than ever, CFOs are leaning on their teams to assist in addressing their many priorities to support the business</p>	<p>The COVID-19 pandemic only increased requests from the business for real-time data and analysis. Satisfying these expectations is more vital than ever at a time when internal customers — who now include real estate groups, human resources functions, IT, ESG, investor relations, supply chain and many others — want more frequent, detailed and dynamic financial analysis and forecasts</p>

Digital Finance Transformation

In brief

The technology-heavy makeup of CFOs' top priorities reflects an understanding that finance organisations on the leading digital edge were able to respond to COVID-19 disruptions with greater speed, efficiency and resiliency. These priorities also highlight the importance of a truly digital finance organisation i.e underpinned by next-generation technologies, workflows and collaborations. That foundational work is vital to address, even amid pressure to invest in "quick fix" technologies in response to pandemic-related disruptions.

Technology is seen as a key enabler, but is still an area where Finance may require enhancement to its knowledge and capabilities - e.g.:

- Security and privacy of data (79% of the respondents);
- Enhanced data analytics (65%); and
- Cloud based applications (62%).

Whilst direction of travel was clearly visible from prior year results, COVID-19 has accelerated and prioritised efforts particularly around Cloud-based applications and data analytics that are seen as a key enabler for Finance teams to respond to the changing demands of internal customers and the reliance on remote working.

Investments are expected not only on Cloud-based applications and enhanced data analytics but also on intelligent automation and other financial reporting tools. For 60% of respondents the likelihood of increasing automation of critical business functions is very high:

	UK	All other markets
Very unlikely - unlikely	13%	9%
Neutral	27%	23%
Likely - Very likely	60%	68%

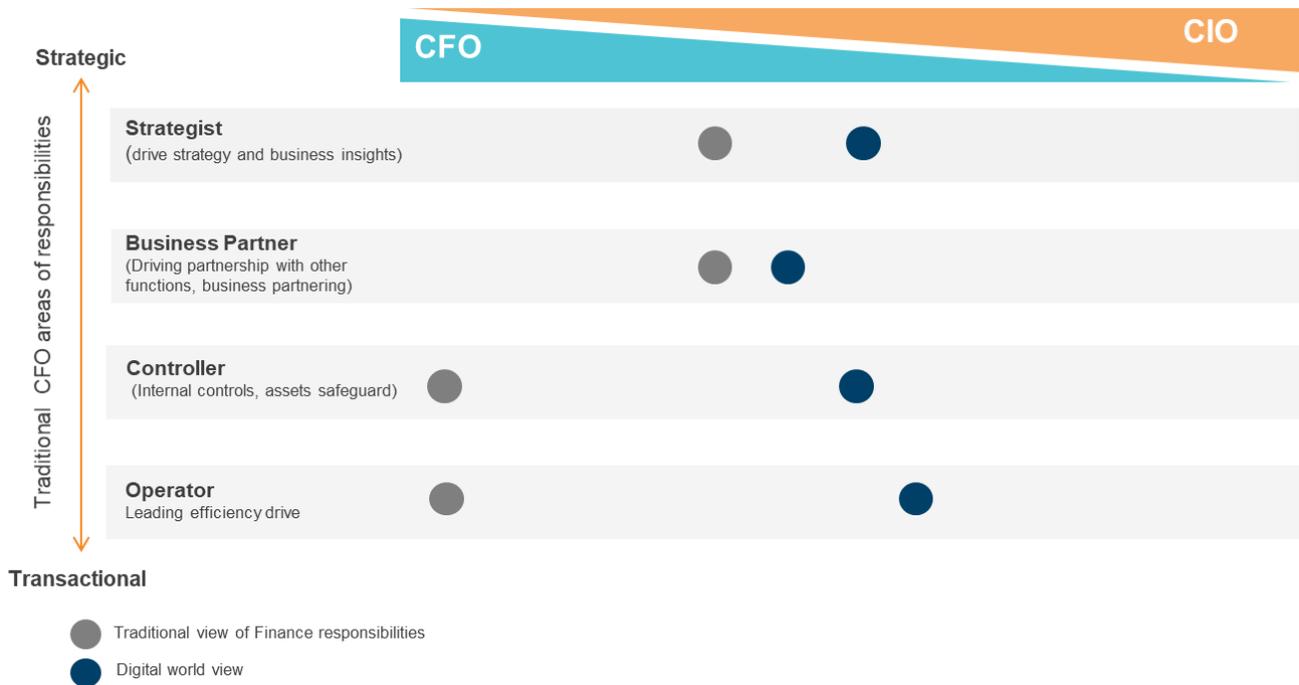
Currently, an increasing proportion of respondents are using automated tools to support the reporting processes, including:

- Reconciliation to high volume matching (46%)
- Variance analysis (40%)
- Manual journal entries (39%)
- Close calendar and process (31%) external reporting and foot note disclosure (24%)

In recognising the role of technology for Finance, the expectation is for investment in workforce to remain broadly stable, whilst between 35% and 46% of respondents expect their (non-headcount) budget to increase, suggesting a different mix between digital versus human workforce in the near future.

UK Protiviti Perspectives

A significant number of responsibilities across CFO and Chief Information Officer (CIO) are blending through the increased application of intelligent automation and other digital tools. At face value and based on dominance of technology themes in this survey, some aspects which are traditionally part of the CFO role, appears to sit better in a CIO job spec – e.g. predictive analytics driving FP&A forecasting or intelligent automation driven automated controls. This raises the question of “*What is the future of Finance? and in the future would we need a finance astute CIO or a technology enabling / pioneer CFO?*”



Aside from the provocation above, we believe Finance and the CFO will have an ever increasing role in enabling technology and driving efficiency but it needs to fully embrace digital transformation and rethink processes and activities at its core by distinguishing between forming a digital veneer around finance capabilities and operating in a truly digital manner, and identifying the finance function changes required to achieve the latter.

The responses from the survey highlight the need for Finance to be supported by digital technology and being able to drive digital transformation to ensure resilience, embrace a future with an increased mixed workforce (human workers and intelligent automation) and the need to evolve into a strategic, analytical, data-driven powerhouse that embraces digitisation and drives performance.

The finance function is evolving to meet growing demands from internal stakeholders as they are increasingly expected to take on a value-added, ‘business partnering’ role, in order to help other parts of the business improve their analysis and decision-making. While managing the company’s bottom line and meeting operational finance objectives remain critical business priorities, as companies begin to operate more often in complex, unpredictable, real-time markets, the value of the insights that the finance function can provide to the business is increasing and under certain circumstances may become the differentiator to enable an organisation’s success.

Actions for the CFOs:

Assess suitability of your current finance operating model, particularly around processes and underpinning technology. In particular



Assess the degree to which current technology, workflows, collaboration capabilities and skills support a resilient finance organisation



As pressure grows to invest in advanced technologies, ensure the foundational elements of successful finance and digital transformation – data governance, workflows, collaboration and more - receive sufficient attention, funding and resources



Review and adjust risk assessments in the wake of process and workflow changes made during the shift to remote working models, among other pandemic-related adjustments

Human Capital Management

In brief

First, the pandemic sparked the largest and swiftest shift to a remote working model most businesses have ever experienced, forcing many finance teams to adjust to mobile technologies, new workflows and virtual collaborations while at the same time adhering to reporting deadlines that had not changed. Second, the COVID-19 economic impact forced companies to reallocate their human resources dramatically through a complex mix of reductions, increases, reassignments, outsourcing, re-shoring and other reconfigurations. Third, and perhaps most important, C-suite colleagues called on CFOs to help identify which talent investments were most likely to enable the organisation to operate optimally going forward at the right size, and in the right manner, while also allowing for future disruptions.

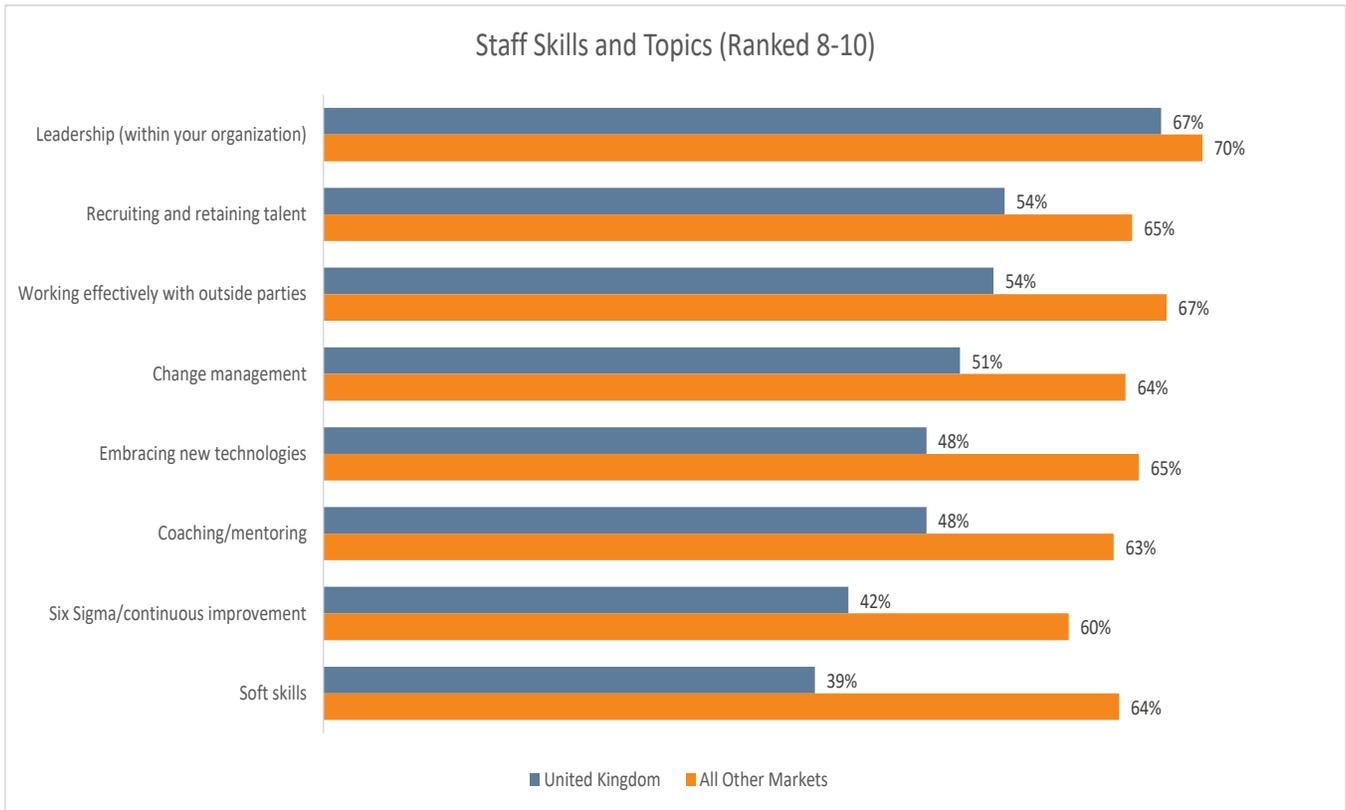
Cost cutting measures have impacted Finance workforce in the UK more than other regions (69% vs 59%) whilst Finance was still required to adapt processes and increase the level of support provided to other business functions.

Against this background, Human Capital Management becomes key and needs to be balanced with the requirements of intelligent automation and adoption of other digital technologies.

In this context few clear themes and priorities emerged from the survey:

- CFOs relied on their team more than ever before
- For 67% of participants, leadership is the most important skill to navigate through uncertain times, re-adjust to remote working model and pivot quickly where required
- Change Management, working collaboratively and efficiently with all teams across the organisation - employees, contract and temporary workers, expert external consultants and managed services and outsourcing providers - is increasingly crucial
- Talent search and retention is still very important but less so in the UK (high priority in 54% of cases) than other markets (65%).
- The finance leader view on remote work has significantly changed. 75% and ~78% of respondents believe it is likely / very likely they will adopt remote working more frequently in the future.

Top staff skills to focus on:



Adjustments to workforce for the following areas

	United Kingdom		
	Increase in 2020 Workforce	Decrease in 2020 Workforce	No Change
Changing demands and expectations of internal customers	29%	33%	38%
Enhanced data analytics	22%	23%	55%
Cloud-based applications that support finance	21%	25%	54%
Mobile finance applications	21%	21%	58%
Security and privacy of data	21%	22%	57%

Process improvement: process and data analytics	19%	28%	53%
Challenges with regulations	19%	22%	59%
New lease accounting standard	18%	21%	61%
Outsourcing non-core activities	17%	27%	56%
National tax changes	16%	23%	61%
Robotic process automation	15%	38%	47%
Data visualisation	15%	23%	62%
Global mobility	15%	25%	60%
Blockchain/smart contracts	15%	23%	62%
Process mining	13%	28%	59%
The changing roles of human resources, leadership & development, and recruiting	13%	33%	54%
Virtual currencies	13%	25%	62%

UK Protiviti Perspectives

The Impact of COVID-19 on workforce management has been profound. The sudden shift to 100% remote working has required a different blend of skills, alongside knowledge of new enabling technology applications. A range of variables affects remote working arrangements - staff sickness, home-schooling, lack of childcare options and other family responsibilities - have all impacted personal wellbeing and at times, efficiency.

We have also noted that CFOs require more from their teams to address the many business priorities. This has created additional pressure for staff, which demands greater leadership from them. We believe, in this context, several key ingredients are required to human capital management:

Culture: leading organisations with a strong cultural identity reacted better to the pandemic. The workforce co-ordinating mechanisms in these organisations rely on the cultural values and beliefs that are shared and understood by the entire organisation and not on outdated standard operating procedures designed for on-site rather than remote working. In addition, innovative organisations have embraced the pandemic and used it as catalyst to re-think their approach and increase efficiency.

Teams need to be empowered to act and take decisions. Not everything can go through the CFO, but **Trust** is key. Leaders are leaning on their teams more but need to lead by example, communicate more, support team members to earn their trust and enhance their engagement.

Training and development of employees is key to ensure they can be supported where required and augment their existing technical or softer skills. Particularly due to the increased demand from technology applications, data analytics as well as the risks associated with them (e.g. cybersecurity).

Individual performance management may require adjustments, both appraisal metrics, tracking mechanism and approach.

Key Action Items for CFOs and Finance Leaders:

				
<p>Ensure that remote working models – within the Finance function as well as throughout the organisation – are supported by optimal investments in collaboration and cloud-based technologies and workflow tools</p>	<p>Assess which talent and skills investments are most likely to enable the organisation to operate at the right size, and in the right manner, to best address current and future disruptions, opportunities and needs.</p>	<p>Re-assess how different elements within the finance labour portfolio – a highly skilled core of full-time staff, temporary staff, contractors, external consultants and outsourcers – can be allocated and deployed optimally to maximise productivity, profitability and effectiveness</p>	<p>Evaluate how the finance organisation’s labour model – the combination of full-time employees, contractors, external consultants and outsourcing partners – delivers configurability and value in the face of external disruptions such as COVID-19.</p>	<p>Invest in your organisation culture (or assess where you stand as a starting point) as this is proven to have a high return on investment</p>

Forward-looking data-driven Business Partnering

In brief

Finance functions are increasingly relied upon to provide objective assessments of business results and leverage their analytical expertise to provide management with the data-driven insight needed to identify cost cutting measures or clarity around service levels and customer profitability opportunities.

The pandemic's effects only heightened and accelerated the focus on managing crisis-related responses such as managing working capital, cost cutting, strengthening financial planning and analysis and predictive analytics.

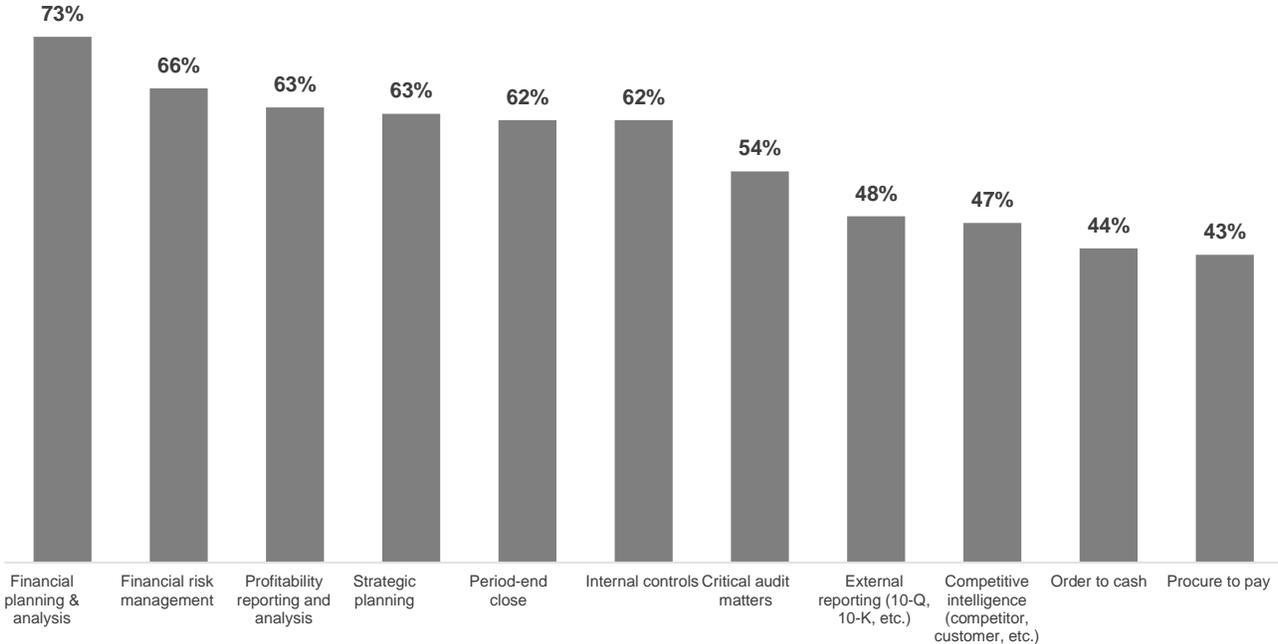
Outside of the obvious cash-related strategic reasons, the need for increased scenario planning comes from two main sources:

- Increased and changing demand of internal customers - this expanding appetite for forward-looking data-driven insights that finance produces is extending to new segments, particularly those exposed to new risks amid COVID-related disruptions (e.g. information security, data privacy and supply chain). Financial reporting compliance analytics, scenario modelling underpins reporting requirements such as impairment testing, viability statement and expected credit losses model.

Therefore, it does not come as a surprise that:

- Demand of internal customers is cited as the single most important finance priority to address by 19% (13% other markets) of the respondents as well as ranked third amongst areas where Finance knowledge and capabilities need to improve.
- FP&A and profitability reporting feature within the top three finance processes to be improved and/or re-engineered. In fact, the pandemic has highlighted how some of the traditional approach to budgeting and forecasting may now be superseded

Key processes/activities to focus on in the next 12 months



UK Protiviti Perspectives

We believe a future proof Finance function would need to re-evaluate their approach to data – governance, analytics and the ability to make business decisions. In particular:

- Planning, budgeting and forecasting processes that historically would take a long time to complete (e.g. Budget – up to 4 months) should be re-assessed and more leading practices like driver-based modelling and planning, integrated business planning across the value chain, and rolling forecasts should be embraced.
- Developing appropriate analytics to assist with scenario planning and decision-making is both a top initiative, as well as a top challenge for most organisations.
- Cost structure should be challenged using drivers-base or zero-base budgeting approaches.
- Management reporting and internal customers' demands requires re-alignment and enabling technologies – e.g. more forward looking and self-serve.

Key Action Items for CFOs and Finance Leaders



Assess the approach to planning, budgeting, and forecasting; the effort and time required, the accuracy and the tools used – does it require marginal adjustments or full overhaul?



Keep close tabs on internal customer expectations, which are likely to continue to grow and change



Assess which investments in advanced technologies are most likely to enable the organisation to operate at the right size, and in the right manner, to best address current and future disruptions

FINANCE PRIORITIES IN THE COVID ERA

DIGITAL DOMINANCE & FLEXIBLE LABOR MODELS

Major crises expose the true nature of things. In the face of extreme pressure, organizations discover how digital, agile and resilient they really are. CFOs and finance leaders are leveraging hard-earned lessons from the worldwide pandemic to strengthen organizational agility and resilience, according to the results of Protiviti's latest **Global Finance Trends Survey**.

SHARE



TOP 10 OVERALL PRIORITIES – CFO/FP FINANCE*



*In our survey, respondents were asked to rate 10 different finance areas based on a 10-point scale, where "1" reflects the lowest priority and "10" reflects the highest priority for the finance function to improve its knowledge and capabilities over the next 12 months. Rankings are based on the percentage of respondents who scored these areas at "1" or higher.

KEY FINDINGS

Data security, analytics and cloud continue to sit atop CFO priority lists.

Leading CFOs have solidified their long-term strategic role as a stakeholder in organizational data security and privacy, while marshaling advanced technologies, data analytics and other finance planning and process improvements to keep pace with changing demands of internal customers.

COVID upended finance operations.

The pandemic's many effects hindered the preparation of timely financial statements, compelled the reforecasting of finance plans, impeded the ability of many third parties to meet their service level agreements, sparked supply chain upheavals, and spurred CFOs to fundamentally rethink their staffing approaches.

The new finance labor model gets stress-tested in real-time.

Finance leaders who manage a diverse talent pool of full-time employees, contract and temporary workers, expert external consultants, and managed services and outsourcing providers have been able to respond to external disruptions with greater speed and agility – and with fewer compromises to core finance processes. In fact, for financial planning and analysis, 18% of finance organizations rely on managed service providers and 29% leverage staff augmentation to support these activities.

Finance groups have more internal customers who have greater expectations for data and insights.

The finance group's sustained commitment to digital transformation is in large part driven by the rest of the organization's growing hunger for the forward-looking data-driven insights that finance produces.

Notable findings	The impact of COVID-19	Industry results
Geographic results	Key takeaways for CFOs	Key takeaways for board members
The future-ready workforce	About our survey	Resources & contacts

For full Survey results, please go to the Global Finance Trends [website](#)

Appendix

Methodology and Demographics

More than 1,000 (n=1,057) finance leaders worldwide, including CFOs, vice presidents of finance, and a broad range of finance directors and managers, participated in Protiviti’s 2021 Global Finance Trends Survey, which was conducted online in July and August 2020. Respondents represent a broad cross-section of public and privately held companies. Survey participants also were asked to provide demographic information about the nature, size and location of their businesses, and their titles or positions. We are very appreciative of and grateful for the time invested in our study by these individuals

	United Kingdom	All Other Markets
Sample Size	112 respondents	945 respondents

Please indicate your organisation’s primary industry.

	United Kingdom	All Other Markets
Financial Services - Banking	26%	21%
Financial Services - Asset Management	4%	19%
Technology (Software/High-Tech/Electronics)	4%	10%
Manufacturing (excluding Technology)	8%	6%
Retail	8%	6%
Financial Services - Broker-Dealer	3%	6%
Construction	4%	3%
Transportation and Logistics	2%	3%
Automotive	3%	2%
Financial Services - Other	4%	2%
CPA/Public Accounting/Consulting Firm	4%	2%
Insurance (except Healthcare Payer)	4%	2%
Telecommunications	4%	2%
Healthcare Provider	1%	2%
Power and Utilities	4%	1%

Real Estate	1%	2%
Services	3%	1%
Biotechnology/Life Sciences/Pharmaceuticals	3%	1%
Consumer Packaged Goods	1%	1%
Hospitality	-	1%
Media	1%	1%
Oil and Gas	1%	1%
Chemicals	-	1%
Higher Education	1%	1%
Airlines	1%	-
Healthcare Payer	-	1%
Mining	1%	-
Government/Education	1%	-
Private Equity	-	-
Distribution	-	-
Not-for-profit	-	-
Other	3%	2%

Please indicate where your organisation is based.

	United Kingdom	All Other Markets
United States	-	46%
Germany	-	19%
United Kingdom	100%	-
Australia	-	11%
India	-	7%
Italy	-	6%
Hong Kong	-	6%

Singapore	-	3%
Switzerland	-	2%

Please indicate your organisation's size by gross revenue in U.S. dollars.

	United Kingdom	All Other Markets
\$20 billion or greater	17%	18%
\$10 billion - \$19.99 billion	10%	12%
\$5 billion - \$9.99 billion	13%	9%
\$1 billion - \$4.99 billion	17%	21%
\$500 million - \$999.99 million	11%	18%
\$100 million - \$499.99 million	28%	20%
Less than \$100 million	4%	2%

Please indicate your organisation's size by assets under management in U.S. dollars.

	United Kingdom	All Other Markets
\$250 billion or greater	10%	6%
\$50 billion - \$249.99 billion	17%	18%
\$25 billion - \$49.99 billion	10%	19%
\$10 billion - \$24.99 billion	12%	17%
\$5 billion - \$9.99 billion	22%	13%
\$1 billion - \$4.99 billion	27%	27%
Less than \$1 billion	2%	-

Please indicate the position you hold in your organisation.

	United Kingdom	All Other Markets
Chief Financial Officer	30%	35%
Financial Reporting Director/Manager	24%	22%
Finance Process Manager	9%	11%
Vice President, Finance	11%	10%
Finance Transformation Director	5%	6%
Finance Transformation Manager	6%	4%
Budgeting/Planning Director/Manager	5%	4%
Finance Technology Management	4%	3%
Corporate Controller	1%	3%
Treasury	4%	1%
Internal Control Lead	-	1%
General Manager	-	-
Management Consultant	-	-
Executive Vice President	1%	-
SEC Reporting Manager	-	-
Other	-	-

Please indicate your organisation type.

	United Kingdom	All Other Markets
Privately held	57%	56%
Publicly held	42%	44%
Not-for-profit	1%	-

Which of the following best describes your organisation?

	United Kingdom	All Other Markets
Local	8%	15%
Regional	11%	15%
National	25%	43%
Global	56%	27%

Please get in touch for more information

Scott Bolderson

Managing Director, Business Process Improvement

scott.bolderson@protiviti.co.uk

Albert Baldan

Director, Business Process Improvement

alberto.baldan@protiviti.co.uk

Keenal Patel

Senior Manager, Business Process Improvement

keenal.patel@protiviti.co.uk

Protiviti (www.protiviti.com) is a global consulting firm that delivers deep expertise, objective insights, a tailored approach and unparalleled collaboration to help leaders confidently face the future. Protiviti and our independent and locally owned Member Firms provide clients with consulting and managed solutions in finance, technology, operations, data, analytics, governance, risk and internal audit through our network of more than 85 offices in over 25 countries.

Named to the [2020 Fortune 100 Best Companies to Work For®](#) list, Protiviti has served more than 60 percent of *Fortune* 1000 and 35 percent of *Fortune* Global 500 companies. The firm also works with smaller, growing companies, including those looking to go public, as well as with government agencies. Protiviti is a wholly owned subsidiary of Robert Half (NYSE: RHI). Founded in 1948, Robert Half is a member of the S&P 500 index.

© 2020 Protiviti Inc. An Equal Opportunity Employer M/F/Disability/Veterans.
Protiviti is not licensed or registered as a public accounting firm and does not issue opinions on financial statements or offer attestation services.

protiviti®