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CFOs must make data their business bedrock

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Chief financial officers today face a sea of challenges.

From the macro-trends of inflation, recession and high interest rates, to supply chain security, increasing customer expectations, accelerated digital transformation and sustainability, the CFO has taken on the greatest share of the responsibility for managing change within organisations.



Today's CFOs are charged with protecting data and overseeing the way in which it is managed. **iStock**

However, all of these disruptors can be distilled to one core issue: data and the way in which it is managed.

Jason Wynne, group vice president modern risk and finance product development at Oracle financial services, says Oracle and IDC's latest report *Road Map to Driving Finance Transformation in the Office of the CFO* highlights just how pressing this challenge has become.

According to the study, most finance leaders are aware of – and indeed highly sensitive – to the idea that better technologies and better data management leads to better insights. Some 75 per cent of respondents agreed that a lack of reconciled data had a major impact on timely insights.

“Data is still the key problem within organisations; whether that’s data management, access to data, data availability, and data reconciliation that was the central finding of the study,” says Wynne.

“The second key finding was that financial institutions want to do more with AI (artificial intelligence), they want to do more with machine learning, they want to automate more of their processes.

“The conundrum here is that until you get your data right, it’s difficult to do a lot of the advanced analytics that they are talking about. Getting data right is the first step.”

Organisations, he says, are being hamstrung by dated technology (and dated mindsets) that guarantee systems are not up to scratch when it comes to extracting value, or better insights from the myriad sources of useable data.

“From a banking perspective, the finance function typically is not seen as a profit centre for the bank, so they’ve often found it difficult to put together the business case that will gain it the necessary investment.”

When it comes to holistically viewing your accounting, finance, treasury, and risk processes and technology, it’s not just about crunching the numbers; it’s about delivering financial insight across the entire organisation.

“If we think about this in the context of geopolitical events such as the pandemic and the war in Ukraine, it goes beyond a mere accounting system. It touches on technologies that give us the necessary insights to respond to changes in the market,” he says.

The increase, too, in regulation and compliance since the GFC – as well as the demands of ESG reporting - means that ineffective data management is now a



Jason Wynne, group vice president modern risk and finance product development at Oracle financial services. **Oracle**

primary C-suite risk.

The good news is that the modern CFO knows that digital transformation has a direct impact on their role.

According to the study, the top macroeconomic drivers expected to change the strategic role of the CFO in the next 24 months were: 48 per cent global market volatility, 38 per cent the fintech revolution and 37 per cent climate change.

Meanwhile, the priorities for the office of the CFO in 2022 and beyond were digital transformation (52 per cent) and real time compliance and improving financial controls (41 per cent).

Asked why their organisations were choosing to invest in finance modernisation technology, 50 per cent said they wanted to centralise accounting processes to reduce time spent on analysing the past, to focus on future value-added strategies.

This focus on the future is now a critical differentiator.

“As financial institutions view their post-pandemic outlook, they continue to seek cloud-native applications that can have a transformative effect on their bottom line,” says Kevin Permenter, research director, financial applications, IDC.

“The CFO and overall finance function will need to drive finance modernisation in their organisations to meet the macroeconomic changes that will continue to shape this dynamic industry.”

Kimberly Ellison-Taylor, former American Institute of Certified Public Accountants (AICPA) chair, says that with uncertainty now a permanent feature of the financial services landscape, only properly managed data provides the CFO with the agility necessary to chart a way forward.



Kevin Permenter, research director, financial applications, IDC. **IDC**

“In a previous life I was a chief information officer (CIO) and the scariest question wasn’t ‘What did you know and when did you know it?’ it was ‘Why didn’t you know it?’

“Agility means the ability to course-correct ... agility is being aware of what’s going on in your operational environment and being able to take action decisively to manage that risk and go down a different path.”

When asked of the changes in finance operations post-pandemic, 52 per cent indicated a move toward continuous planning and forecasting processes to stay agile with market and macroeconomic movements.

All of this, says Wynne, means that CFOs need to take ownership of strategically progressing along the finance modernisation journey to ensure realised business value. This entails centralising the underlying data across accounting, finance, treasury, and risk applications rather than updating systems in silos.

“They need to be saying ‘this is the quality of the data I want within my organisation,’” says Wynne.

“They need to be able to reconcile this data back to the source so that any time they’re producing the numbers - whether it’s to the board, the market or their business units - they can be confident that those numbers are accurate.

“Today, the CFO and the CIO have to be hand-in-hand and talking to each other. The relationship between these two C-level executives is much closer than it’s ever been in the past.”

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