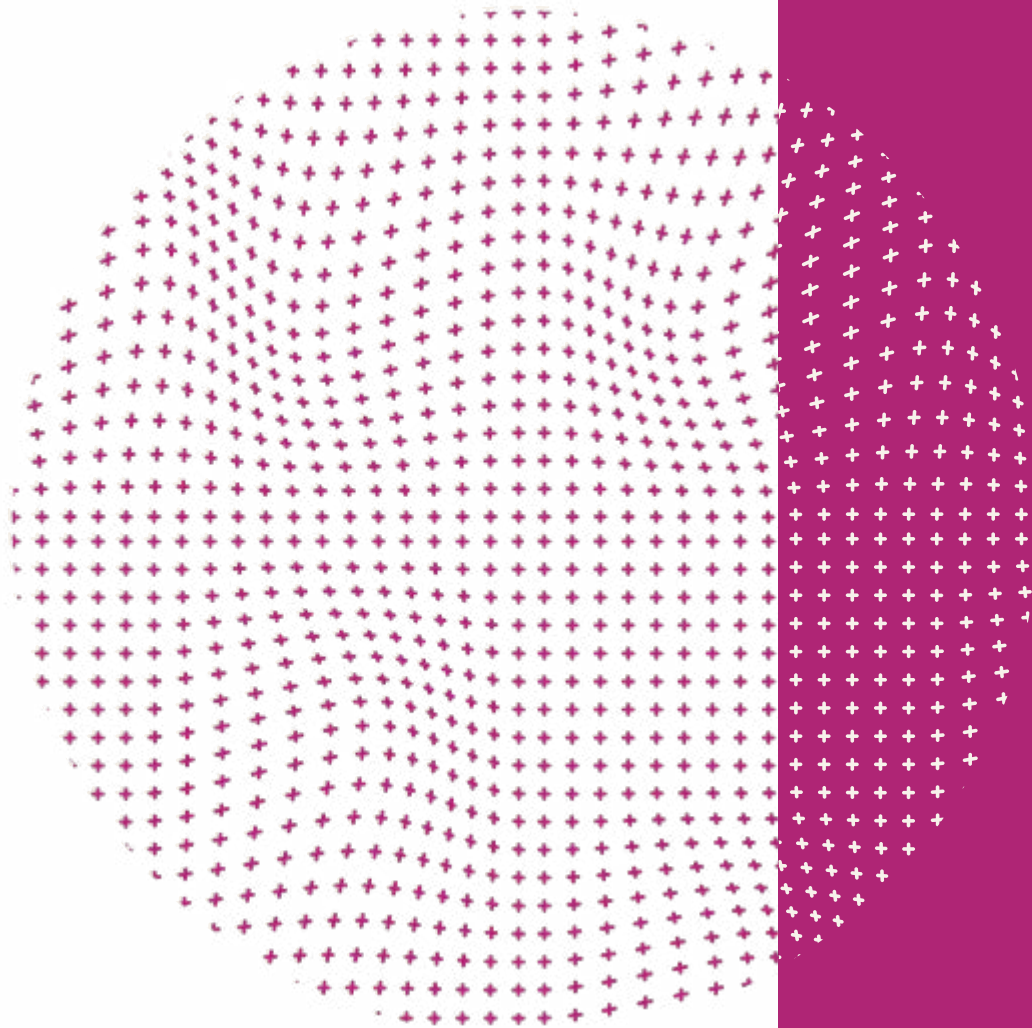


THE TRENDS RESHAPING FINANCE



Canon



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01 INTRODUCTION



Despite uncertainty, we see some [Finance Departments] pursuing bold transformation initiatives.³

David Axson, Senior Strategy Executive Principal
Accenture CFO Strategies



To meet company-wide digital transformation expectations, finance departments are set to rapidly increase their adoption of both mainstream and emerging digital technologies over the next two to three years. The fastest growth of technology deployment will be seen in areas such as robotics process automation (RPA), cloud-based applications, advanced analytics and data management technologies.

At the same time, the role of the CFO has become even more elevated, as corporations increasingly rely on the financial and strategic prowess of their most senior financial leader to ensure success. According to the latest McKinsey global survey on the role of the CFO, 41 per cent of CFOs' time in the previous 12 months was spent not on traditional or even specialty finance, but on other roles, including strategic leadership, performance management, big data and analytics.¹

Forward-thinking executives now realise the CFO of the future is not a technical architect, but rather a leader in linking digital technologies to ROI and ultimately, spearheading digital finance.²

This guide examines the trends reshaping finance and the expected impact these will have on the finance department and its leader.

KEY TRENDS



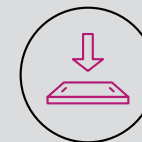
**CFO = Chief
Future Officer**



**Online
Collaboration**



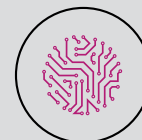
**Data &
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**Digitising Invoice
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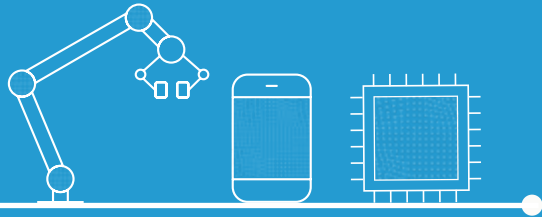


AI



Automation

THE CHIEF 'FUTURE' OFFICER



Technologies such as cloud, IoT, mobile, advanced robotics and AI (artificial intelligence) are transforming the way business is conducted. Financial leaders are playing an increasingly important role in ensuring the business is 'future-proofed'.

In this role, CFOs will need to be strategic leaders in bringing digital to the organisation at large to ensure transformation change. Isolated pilots are already evolving into scalable adoption of multiple digital tools, and according to Accenture Strategy,

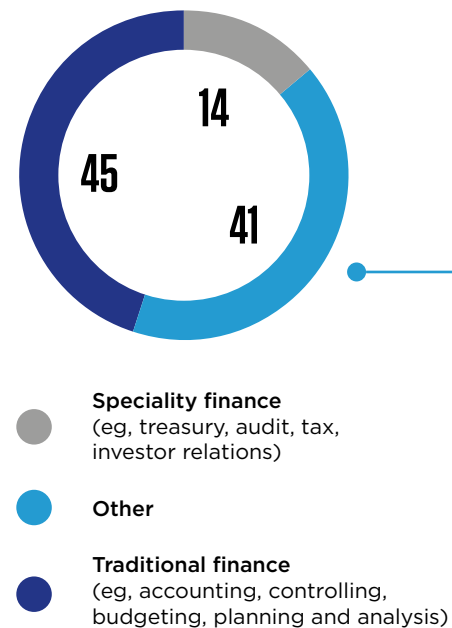
82 per cent of CFOs who have made this move are seeing measurable business ROI from digital finance investments.⁴

The skillset of today's CFO needs to include business planning, risk management, influencing and strategic thinking. And with customer experience at the heart of driving future growth, it will become more common for finance professionals to specialise in modelling the impact of customer behaviour changes, rather than be spreadsheet experts.

Last year, four in ten CFOs spent most of their time on strategy, transformations, or another nonfinance area.

% of CFOs⁵

Roles where CFOs spent the most time, past 12 months



Areas where CFOs focused on nonfinance roles spent the most time, past 12 months



The executive board at a European technology company no longer uses PowerPoint. Business leaders instead use large touch screens to access real-time data about finances and operations. The information is presented in easy-to-read graphs that highlight deviations from plan. The graphs are dynamic, redrawing themselves as users swap variables in and out.⁸

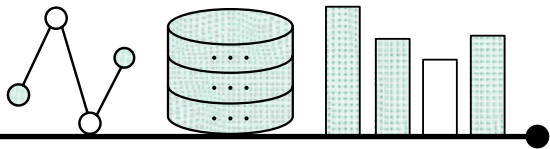


TO GIVE END USERS REAL-TIME FINANCIAL INFORMATION

- Generate user-friendly, dynamic dashboards and graphics tailored to internal customer needs.
- Deliver ubiquitous reports that can provide information at very detailed levels.
- Seamlessly combine information from multiple data sources.⁹

03

DATA & ANALYTICS



With every business function looking to become more data-driven, there is increasing demand on the finance department to provide data insights to management, who in turn can make smarter decisions about investments and capital allocation. However, whilst in the past analytics were only capable of surmising what had already happened, today's technologies are much more advanced, allowing organisations to assess not only what is happening in real time now, but also to model the future using AI-enabled software. This capability helps CFOs develop their role in the strategic future of the business.

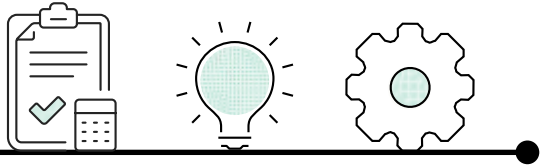
With that in mind, CFOs will have to become experts in how to find, analyse and add value to data, and most importantly, how to detect future risks for their companies.

Currently, more than 60 per cent of finance leaders say they are not spending enough time providing analytic insights; a role they are keen to develop as the finance function moves up the value chain.⁶ Having an analytical tool does help standardise the analysis process, but alone it does not ensure actionable insights. To be able to drive value from the data, it is essential that the organisation also has dedicated people in place to make data-driven strategy a priority.

This combination of analytics, modelling, and reporting is one of several areas where a dramatic capability gap currently exists in finance. This gap has been ranked as among the most challenging to address.⁷

04

AUTOMATION



In today's digital landscape, businesses are striving to become more agile and to take advantage of market trends as and when they occur.

In order to support growing demands for data insight, finance teams are collecting and processing more and more information.

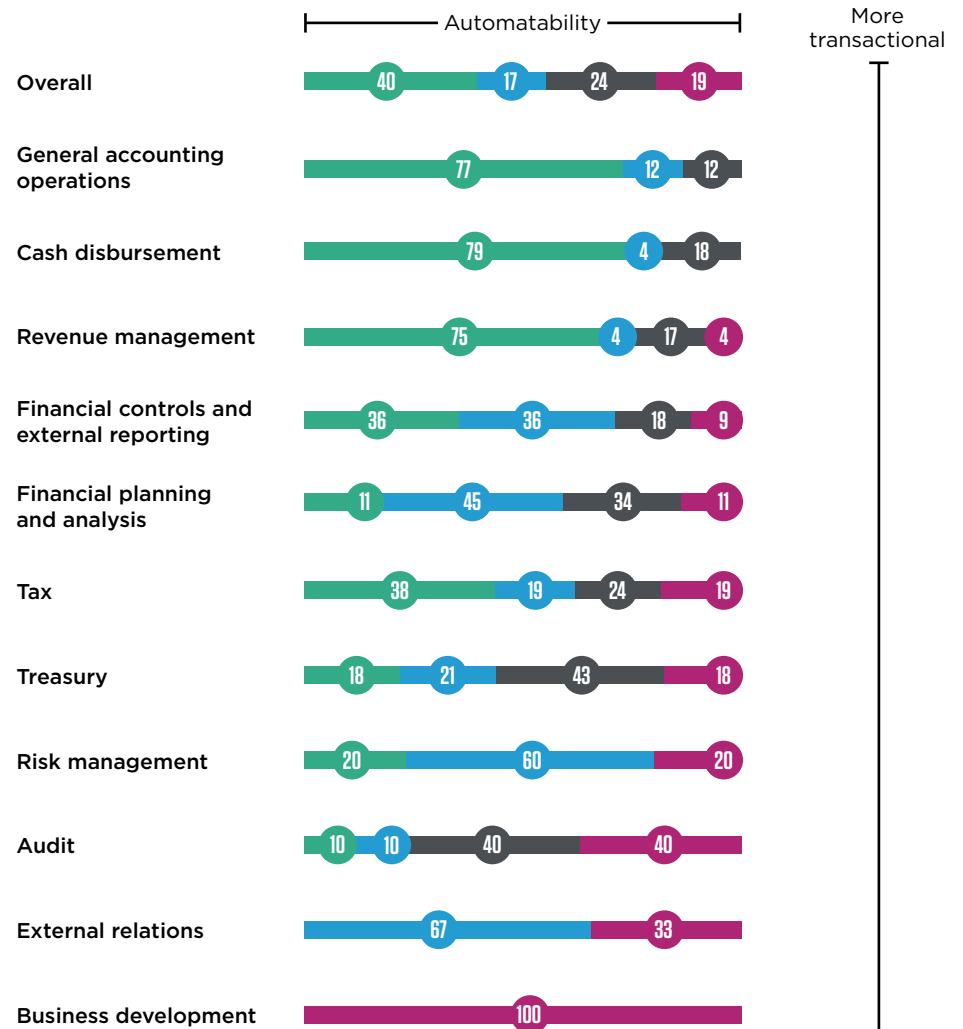
As a result, they can struggle to keep up using traditional, manual methods. Before data can even be of any use, it needs to be collected and processed to ensure quality and consistency; this can leave little time left over for analysis, reporting and strategic recommendations.

Whilst analytics-driven strategy is an exciting growth area for the finance department, traditional day-to-day functions still need to happen. Automation can help finance professionals keep up with their expanding remit, by reducing time spent the transactional tasks.

Research from the McKinsey Global Institute concludes that approximately 40 percent of finance activities (for instance, cash disbursement, revenue management, and general accounting and operations) can be fully automated, and another 17 percent can be mostly automated.¹⁰ By doing this, finance leaders can move from mechanics and admin to strategy and leadership.

Many finance tasks and processes are at least somewhat automatable

- Fully
- Somewhat
- Highly
- Difficult to do



Potential for finance-function automation using demonstrated technologies % share¹¹

Robotic process automation (RPA) is one of the core automation tools being used within the finance department. It offers the benefit of integrating with current programmes whilst requiring a fraction of the time and cost investment of a major platform update or an enterprise resource planning (ERP) system.

Automation is an absolutely crucial tool to making this a reality. By cutting down on manual data entry and analysis, automation allows finance teams to quickly and efficiently provide reports and projections, enabling business leaders to make responsive strategic decisions based on sound business insight.

The use of RPA at one European bank has created other advantages. The bank has combined RPA with natural-language-generation software to create monthly spending reports. A back-office system collects and analyses the data and automatically builds the “spending story”— for instance, listing key performance indicators and adding red flags in those instances with statistically meaningful changes in countries or product groups. Rather than having to take the time to generate such reports by hand, financial controllers can use the automated information to engage in higher-level tasks, such as considering how to address red flags.¹²

05 AI



Many finance professionals are now incorporating artificial intelligence (AI) into their financial management systems. By finding patterns across complex data sets, AI can unearth business insights that would have been invisible to a human eye, helping businesses make the types of decisions that expand footprint and elevate operational efficiencies.

AI already has numerous practical uses within the finance function such as with AP, where AI-powered systems can learn accounting codes in order to manage invoice processing, and for expense management where AI is used to review and approve expenses which comply to company policy. Furthermore, AI-driven chatbots can be taught to provide intelligent responses to common questions from employees or customers.

Aside from daily processes, we will see AI being used for more advanced tasks. As finance becomes more tightly regulated and complex, AI systems could also be trained to not only comply with current regulations, but monitor for new legislations and proactively advise the relevant person of the changes on their nature and implications.

“

With big, important and complex decisions, you may see AI systems providing advice or recommendations to help the human decision-maker, and back up those recommendations based on its ability to gather, ingest and make sense of vast amounts of structured and unstructured data.¹³

Loren Williams, Chief Data Scientist
EY Global Analytics

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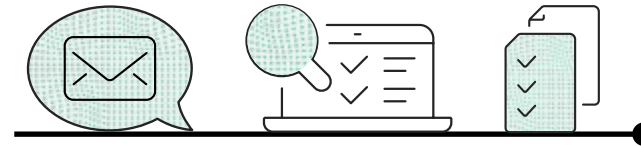
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AI is becoming the new business utility and it will quickly seem inconceivable for any company to go without it. But, as the promise of AI starts to be realised, it's important we learn rather than simply repeat the past, remembering the importance of disrupting and eradicating previous biases. The finance function is really embracing diversity at the moment and while there's still a long way to go, as we hand over decision making processes to artificial intelligence, it's important that we don't allow it to simply mirror past patterns but teach it to embrace diversity and the rapidly evolving business culture in which we're working and living.

Fabio Moioli, Head of Consulting & Services
Microsoft Italy

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06 DIGITISING INVOICE PROCESSING



AP automation is no longer a luxury, it's a necessity. The Purchase to Pay (P2P) process is a crucial financial function, yet possibly the most complex and open to error that the department has to manage. Invoice management in particular remains a daily challenge.

Automated PO/invoice matching and approval cuts down on the time it takes for an invoice to go through its inherent, tedious process and streamlines the full lifecycle from conception to vendor payment. Departments no longer have to spend time searching for an invoice when it's all saved within an automation software tool and the machine is able to match the invoice to the PO, keeping humans free to do more meaningful work.

WHY DIGITALISE?



Processing a single paper invoice costs anywhere between **£30** and **£50** per document.¹⁴



Electronic invoicing reduces costs by as much as **60%**.¹⁵



Businesses which use online tools get paid **33%** faster than those which use paper invoices.¹⁶



About **25%** of accounts payable time is spent on resolving problems related to invoice data entry and processing.¹⁷

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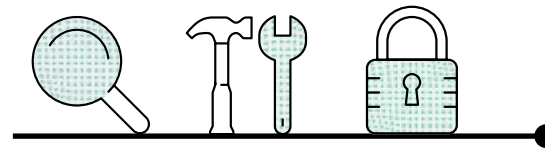
Smart contracts are starting to eliminate the need for (and fees of) intermediaries that is changing the face of transactional models. These processes are adding a layer of business logic by enabling organisations to genuinely leverage blockchain technology productively and in ways that improve workflows and process fulfilment. For finance, this might mean introducing the technology to ordering, invoicing or payment processes – any transactions that involve people and data. As the regulations and security behind these smart contracts grow stronger in 2019, their adoption will increase.

Antonio Grasso, Founder and CEO
Digital Business Innovation Srl, dbi.srl

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07

PRIVACY & SECURITY



It is more important than ever for CFOs to take a proactive approach to cybersecurity. Finance departments and its employees are increasingly under attack from cybercriminals who are targeting their email addresses to sell on. This has resulted in a rise in mandate fraud, where an employee is tricked into changing the payment details for a regular payment mandate and redirects it into a fraudster's account. Business losses due to mandate fraud have more than doubled between 2017 and 2018.¹⁸

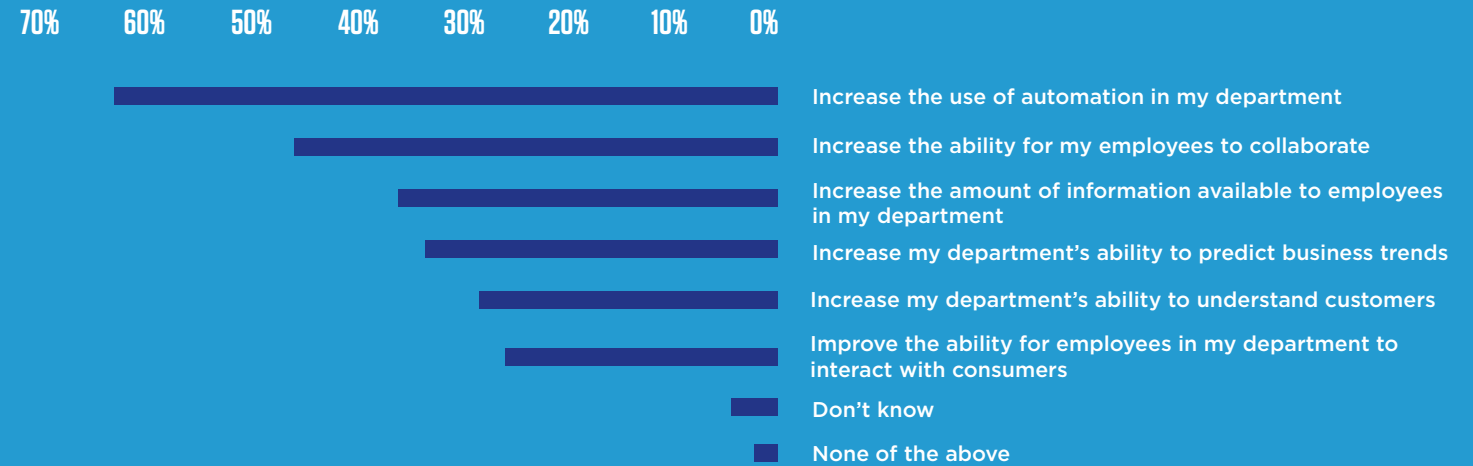
According to digital risk protection firm, Digital Shadows, sensitive, personal financial information is also freely available on the dark web for purchase, including 27,000 invoices, 7,000 purchase orders and 21,000 payment records in the UK alone.¹⁹

This is at a time when personal data has become one of the most valuable business assets, especially for those who see loyalty programmes as a key profit centre. Vast amounts of personal data passes through the finance department with P2P specifically encompassing some of the organisation's most critical and confidential documents. It is therefore no surprise that a 2018 Verizon study reported that 59 per cent of cybercriminals are likely to target finance in the near future.²⁰

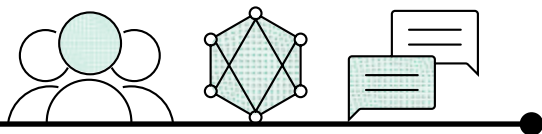
With digital transformation on the agenda for many businesses, GDPR compliance is a great opportunity to bring a company's systems out of the dial-up era and into the cloud-computing age, helping processes become not just more efficient and transparent, but also more accountable and secure.

Which, if any, of the following initiatives do you personally expect to initiate or oversee in the next 18 months to 2 years?²²

(% of finance respondents)



08 ONLINE COLLABORATION



As companies embark on transformative programmes like digitalisation and automation, an increase of cross-departmental collaboration, cooperation and coordination is required. In an ideal workplace, finance and other departments work together to formulate and achieve business objectives. To do this, the finance department will increasingly move away from manual processes and disconnected spreadsheets towards a unified, integrated enterprise financial software platform. This will not only relieve much of the pressure on finance teams, but improve the speed of financial processes and open the doors to company-wide collaboration.

The need to become more collaborative has been acknowledged by finance leaders, and nearly 50% plan to launch or oversee an initiative to improve employees' ability to collaborate in the next two years according to the Economist Intelligence Unit.²¹

Technology will also not only facilitate the collaboration but encourage it. Visual analytics and dashboards make it easier for even the most technophobic user to quickly view, interact with, and digest vital information. This sharing of data insights and analytics will benefit all from the C-Suite focused on business strategy, to managers focused on team performance.

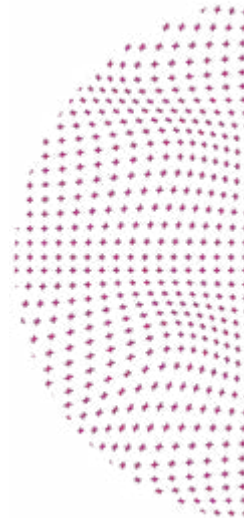
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CONCLUSIONS & CONSIDERATIONS

Technology is rapidly disrupting traditional business models. With finance department having an increasingly pivotal role in the digital transformation of a business, the proportion of CFOs taking the lead in these initiatives is growing. To ensure that such dramatic change is a success, finance leaders must have a strategy in place, a robust business case, a roadmap, and the resources to support it.

For financial departments striving to future-proof their business, there are a number of technologies which should be a top priority. Finance automation should be a key and strategic pillar in the digital transformation of any business, whilst for businesses who have begun to establish automation, the incorporation of AI into financial management systems should be on the horizon.

With the CFO's role becoming increasingly focused on data-driven strategy, finance departments should invest in the future by prioritising intelligent data management and protection. By providing accurate business insights, driving efficiencies and building and maintaining trust, the finance department will add demonstrable value to the business and drive competitive advantage.



10

HOW CAN CANON HELP?

Canon provides a range of finance solutions which support businesses at every stage of their digital transformation journey. These include solutions which can automate your invoice workflows and improve cash flow management. Through Canon's Finance automation platforms, businesses can reduce administration costs, save time and get peace of mind thanks to a stronger audit trail. Finance teams also have much greater visibility of all departmental purchases, and easier access to them, ensuring the business is achieving best value. For businesses looking to kickstart their digital transformation, Canon is the perfect partner to provide expertise, guidance and support to make their journey a success.

Confidential documents and digital records must be kept that way. Canon understands how important it is for businesses to protect their data, and ensure it always ends up in the right hands. Canon can help support businesses to stay step ahead, reducing risk of human error and ensuring compliance. For businesses looking to kick-start their digital transformation, Canon is the perfect partner to provide expertise, guidance and support to make their journey a success.

[Contact Canon to discover how to future-proof your finance department](#)

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