



FINANCE

Smoothing the path to growth: How technology can lead the way to transformation

The overused term “growth” is front of mind for most chief financial officers. Whether it’s through mergers and acquisitions or organic means like new product and service introductions or expansion into new markets, studies show that growth is a top priority for a high percentage of CFOs. Technology, or the lack thereof, can either help or hinder growth. This white paper examines the technologies that can help organizations meet the challenges that growth creates and master them to succeed.

Five key challenges facing chief financial officers

Businesses are constantly facing changes due to technological advances and progress, as well as fluctuations in global economic and political situations. The role of today's CFO is fundamentally changing, with variations across industries and companies. A CFO's work does not end with passive control of numbers, revenues, and expenditures; CEOs have higher expectations from their CFOs. According to [KPMG Global CEO Outlook](#), CEOs are confident in national, global, and industry growth prospects, with most predicting growth. Organizations rely on their CFO to help them to drive growth strategy, from mergers and acquisitions, to geographic expansion and organic growth. [A study by PwC](#), supports this position, stating that a majority of today's CEOs "expect their CFOs to advise and support them in setting and rolling out their growth strategies from day one and not just once an investment decision is taken."

To grow successfully, organizations must:

1. Streamline operations
2. Collaborate and communicate more effectively
3. Control costs
4. Launch products and services more quickly
5. Effectively manage finances in different countries and currencies

1. Streamline operations

Financial performance and growth are fueled by two factors: time and money. Manual and inefficient processes cost an organization both—and they can impede growth. CFOs may start by streamlining operations of a single department, such as streamlining the process of closing the books to eliminate discrepancies, increase accuracy, improve speed, and increase transparency and auditability. Or they may take a more global approach, choosing to implement organization-wide tools for planning and budgeting, reporting, and analytics.

The keys here are eliminating redundancy and manual processes, breaking down information silos, and making data an asset rather than an obstacle, all so the organization can make better business decisions based on facts, not folklore. By implementing systems for standardizing and benchmarking performance company-wide, the finance office puts the entire firm on a path to continuous improvement.

2. Collaborate and communicate more effectively

Collaboration must begin with visibility. Everyone within the four walls of the company must have access to the same information—at the same time—and have the power to act on this information. That same level of visibility needs to flow through to everyone along the company's extended value chain. To build this level of collaboration, CFOs need to break down informational silos, establish one accurate version of the truth, and give everyone the ability to share accurate information in real-time.

It's not enough to say everyone is collaborating; CFOs need to ensure there are structured processes in place for collaboration and communication, or information will be lost. With unstructured collaboration processes, you can never be sure that you're working from the latest, most accurate information. Spreadsheets are outdated almost as soon as they're saved and emailed. Beyond user error and version control, information from a spreadsheet rarely imports cleanly into ERP systems, or other software systems.

In a collaborative environment where communication is captured, stored, and made actionable, manufacturers and suppliers can help drive out waste, maintain optimum inventory levels, and more effectively forecast need—all of which can help spur growth.

3. Control costs

Controlling costs comes down to three things: Streamlining operations, collaborating and communicating more effectively, and having greater visibility into all areas of the organization. This starts with having the right data at the right time, and advanced analytics and integration between systems. Without these competencies, it's impossible to have an accurate picture of where money is being wasted, what processes can be improved upon, and where real opportunities for growth lie.

4. Launch products more quickly

Any company looking to boost revenue growth needs to launch new products or services. More than 25% of total revenue and profits across industries comes from the launch of new products, [according to a McKinsey survey](#). Recent research has also shown that companies that focus on creating new products and services while maintaining their core competencies grow faster than their peers. As companies look to future growth, the majority expect it to come from [creating new products, services, or business models](#). And yet, research shows that [more than 50% of new launches fail to meet their business targets](#).

So how does a CFO help ensure their organization's new product or service launches don't fall into that category? By building a culture of [team collaboration](#), speed, and excellence in strategy and planning. That excellence, along with the agility to launch a new product or service quickly, comes from having visibility and insight across the organization.

5. Manage finances in different countries and currencies

It seems obvious that every country has its own financial rules, regulations, and methods, as well as its own currency. Any organization that's not prepared to operate efficiently and legally by the local rules and regulations is an organization that's hampering its ability to grow outside its own locale.

CFOs with an eye to international growth will need automated financial systems that can handle everything from multicurrency pricing to automated multilingual, multicurrency accounting, with the appropriate regulatory controls built in. We live in a global economy and it would be foolish to downplay the importance of making it easier for people around the world to do business with your organization.

Cloud-based ERP and product systems

Cloud-based ERP and product systems can be among the most crucial and transformative investments a company makes. Because these systems reach into every part of an organization, from manufacturing and sales, to finance, human resources, and more, these systems can significantly improve a company's efficiency and productivity, fueling its growth to the next level.

Cloud-based ERP and product systems can address all the major challenges identified earlier in this paper. These systems can help an organization improve supply chain visibility across the entire value chain; improve productivity by automating tasks; deliver real-time, actionable data for better decision making; cut costs by minimizing excess inventory and quality issues; and improve customer satisfaction by tracking customer behavior and communication.

Data management solutions

The average business is doubling the amount of data it manages every year, and that's expected to continue to rise as the Internet of Things (IoT) becomes more prevalent. But, even with these new technologies generating tons of data, too many organizations are still in the dark because they lack an effective way to access and use that data.

Effective data management translates to big opportunities for companies that are intent on growth. Companies can uncover key insights about their customers and business processes by breaking down data silos and building one single source of the truth. Whether that data comes from a single source, or more likely, multiple disparate sources, it needs to be visible from one place, so it can be trusted as reliable and acted upon by everyone who needs to make decisions.

Once that single, accurate data source is established, data management solutions can do their magic, looking for patterns and trends that can influence product development, production, quality, sales, customer satisfaction and more.

Look for artificial intelligence (AI) to play a bigger role here moving forward. (See "The rise of artificial intelligence" sidebar for more on this topic.)

Machine learning and data analytics

The growth of the IoT has created growing interest in machine learning. In fact, Deloitte's recent [Technology, Media & Telecommunications Predictions report](#) found that businesses will likely double their use of machine learning technology by the end of this year.

Sensors on IoT-connected equipment are generating buckets of operational, maintenance, and process data. With the right algorithms, this equipment could be taught to recognize production-related issues, optimize energy utilization, and streamline maintenance—improving the efficiency of every part of the production process.

Having the right technology to not only access data from across the organization but also to provide meaningful insights to stakeholders will help CFOs build a path to growth. Data analytics can perform what-if scenarios that help CFOs cut costs, identify new opportunities with existing customers, and even create new business models and processes.

The key here is having the right level of data from across the organization and the right analytics to take decision-making to the next level.

Meaningful financials and analytics

The best way for CFOs to add strategic value to their organization is to apply financial data and analytics to achieving profitable growth. [Forbes sees success](#) for CFOs who become "futurists" who work "at the crux of where data and analytics meet value."

To smooth the path to growth, CFOs need financial tools that do more than help speed the time to close (though that's definitely a benefit), so they can strengthen the alignment between financial planning and corporate strategy and execution. Flexible, powerful Global Ledger, receivables, payables, and reconciliation management tools, as well as analytics embedded in the work stream all play a key role in making this possible.

Social and mobile

Business happens all day, every day, from virtually every location. For this reason alone, it's vital that organizations make as many of their core systems as possible fully mobile-enabled. Whether an executive at the airport needs to look at sales forecasts from their laptop or a production manager on the manufacturing floor needs to check parts inventory from their smartphone, that information needs to be available and actionable—or an opportunity may be lost. Cloud-enabled applications and data can go a long way here.

Social collaboration is the other technology to consider here. We're all accustomed to texting, instant messaging, and emailing people to get the instantaneous information we need. That same functionality needs to be available from the applications people use to get their jobs done. Role-based homepages and dashboards that incorporate collaboration tools allow users to get information where and when they need it, at their fingertips, without having to break their workflow. The system can capture these interactions, so the information becomes part of the organization's knowledge base, helping to drive greater insight and productivity.

Five key take-aways

When CFOs adopt innovative technology, they help craft organizations that are more agile, profitable, effective, and positioned for growth. Here are the five actions CFOs can take immediately to get started down the right path:

1. **Develop one single source of the truth**—Data is the currency of success. Everyone needs to work from the same set of information, if your organization is going to operate as efficiently and effectively as possible.
2. **Make that truth available and actionable**—Data is only useful if the people who need it, both inside and outside your organization, can access it and act upon it to make faster, more informed decisions.
3. **Connect everything**—No system can operate in a vacuum. Connect all your product, sales, financials, HR, etc. systems and you're on your way to having the visibility you need to grow profitably.
4. **Connect everyone**—True communication and collaboration can deliver great benefits. Just as all your systems need to be connected, so too do your employees and partners along your value chain.
5. **Make it all available all the time**—Business happens around the clock, everywhere. Cloud-enable all your most important systems and you ensure that your business can operate from any geography, at any time.

By selecting and implementing the right technologies, you can forge a smooth, steady, path to growth.

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