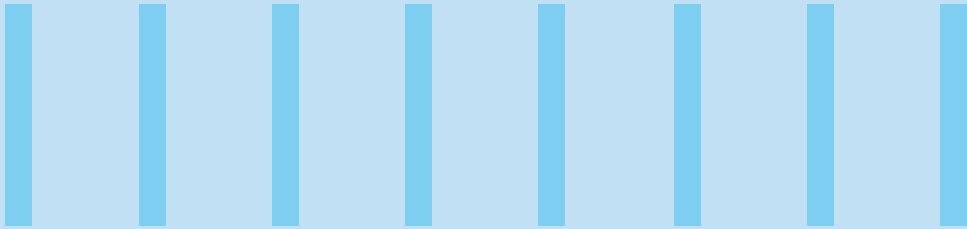




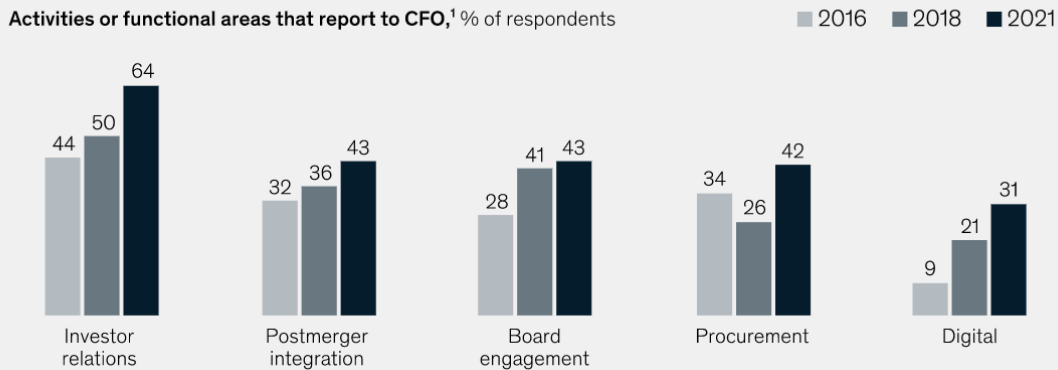
THE DIGITAL RESURGENCE OF THE CFO



The evolving and demanding business environment, along with the pandemic, has greatly impacted the finance organization. Market changes, shifting business priorities and increasing technology adoption have sparked fundamental shifts in the CFO's role and the finance

function. A McKinsey survey reveals that CFOs are more actively engaged in shaping a business' trajectory . Soon, the CFO office must ensure that the finance function turns into a catalyst for change and works towards outcomes that support long-term business goals.

CFOs cite increasing oversight over key areas of the business.



¹ Out of 16 activities or functional areas that were offered as answer choices. Includes responses from only company CFOs; in 2016, n = 120; in 2018, n = 139; in 2021, n = 151.

McKinsey
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Figure 1 Increasing influence of the CFO

According to Sanjay Talati, global strategic transformation leader for Oracle Financials, Infosys, there are five priorities for a CFOs' office to stay relevant –

1. Transform into a strategic CFO from an operational CFO; provide a roadmap for long term sustainable growth for the company while improving profitability
2. Embrace data that is not from the regular transactions but is more mature and evolved to provide decision support to the CFO
3. Manage fraud and identify risks that have exponentially increased with the onset of remote working thanks to the pandemic

4. Incorporate innovation and automation into day-to-day activities by introducing solutions that drive optimization or enhance intelligent operations using frontier technologies like artificial intelligence (AI), machine learning (ML) and Robotic Process Automation (RPA)
5. Enable collaboration and transparency within the business to reinforce sustainability and accountability.

In addition to focusing on these priorities today, it's equally important to determine their implications in the upcoming years.



What the future holds

While efficiency and effectiveness have always been close to a CFO's heart, we expect a growing emphasis on determining long-term financial strategy and driving change for the company. The goal is not only to maximize value with the same or fewer resources by making finance processes smarter, repeatable, and more immune to sudden business shifts but also be able to predict, benchmark and evaluate key performance indicators to determine long-term financial strategy of the company. To make this happen, strategic CFO's need to cast an eye on company's digital agenda.

Data management will become essential to insights driven reporting. CFOs need real-time access to sanitized and organized data to make informed decisions, especially during volatile times. Moreover, technologies like AI/ML and RPA will further bolster the role of the CFO as a strategic advisor by enabling a business-led approach towards automation, particularly in complex areas like budgeting and forecasting.

In addition, with data at their disposal, the CFO is likely to become the custodian of sustainability initiatives as they can intelligently direct a company's effort toward its Environmental, Social and Governance (ESG) commitments.

Clearly, digital technology holds the key for the finance organization, and as drivers for the company's growth agenda, CFOs must make digitization a principal focus. In this context, the Infosys Digital Radar report said that the digital ceiling now replaces the digital floor across industries . It means that technologies once considered aspirational are now the minimum expected as digital tools have become a conduit to differentiate in the market. Specifically, digital maturity, analytics and collaboration are must-haves.

At the same time, increased digitization and remote working also bring in additional risk in the form of cybercrimes, and the CFO office will not remain untouched. So, risk and compliance management will move to the forefront of the organization. CFOs will deploy digital technologies to help them wade through the legal, environmental, and regulatory complexities and mitigate risk.

Those organizations keen to exploit the significant benefits of digitization while aspiring for enhanced business resilience must explore the Finance-as-a-service (FaaS) model from Infosys.



Finance as a service (FaaS) – a smart way to transform the finance function

With the FaaS model, CFOs can effectively respond to emerging business needs with informed decisions powered by greater insights. Better decisions imply improved operational control and lesser firefighting every day, allowing the finance function to focus on more strategic aspects of the business while enhancing its agility and flexibility.

However, to kickstart the organization's maturity journey, it is first essential to determine the "as-is" state and accordingly fix a target state. That's why an operational maturity assessment to gauge the current levels and the gaps vis-à-vis industry benchmarks is the first step of the FaaS model. It is an acknowledgment that each organization has its unique context and must lay the right roadmap to add value to the business. So, it is inherently an outcome-focused approach.

Typically, in a one-off finance digital transformation implementation, the back-office process functions like Supplier invoice processing, Customer collections etc. gets addressed to drive operational efficiency. However, the strategic business

functions in the company like Financial Planning & Analysis (FP&A) or Decision support seldom get equal focus.

Here's how the FaaS framework's holistic approach toward a business process can help a CFO's office make informed decisions. For example, consider a common situation where the payables team is caught in a dilemma on early payment of a supplier's invoice to avail of a discount. How can one support a business with tools to help make the right decision? By holistically examining the discount payment terms and its impact on working capital data, the predictive insight led tools present the right picture of the payment's impact on cash flow and help the team make an informed decision.

Adding value at these earlier untouched levels is what the FaaS model accomplishes with its redesigned process focused "Eight Core CFO Level 0 Processes" strategy, as opposed to software applications focus, which optimizes the pathway to business value led Finance Transformation.

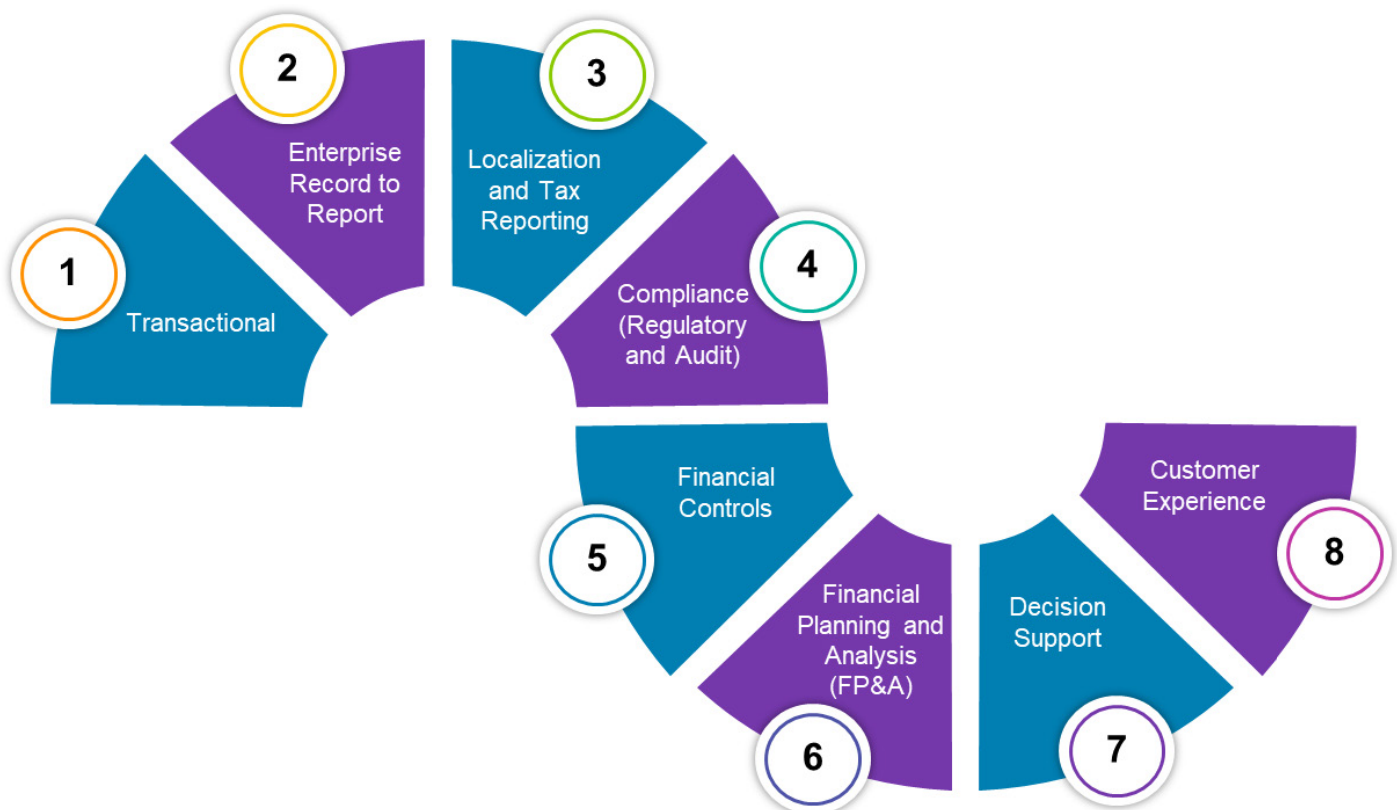


Figure 4 Eight L0 Process Pillars

Finance as a service framework by Infosys not only identifies a new way of looking at the finance business but also recommends a value stream analysis driven target operating model (TOM) goal and sample strategy for all the Core Process Pillars. For example, business capabilities under L0 transactional process must be rationalized and standardized

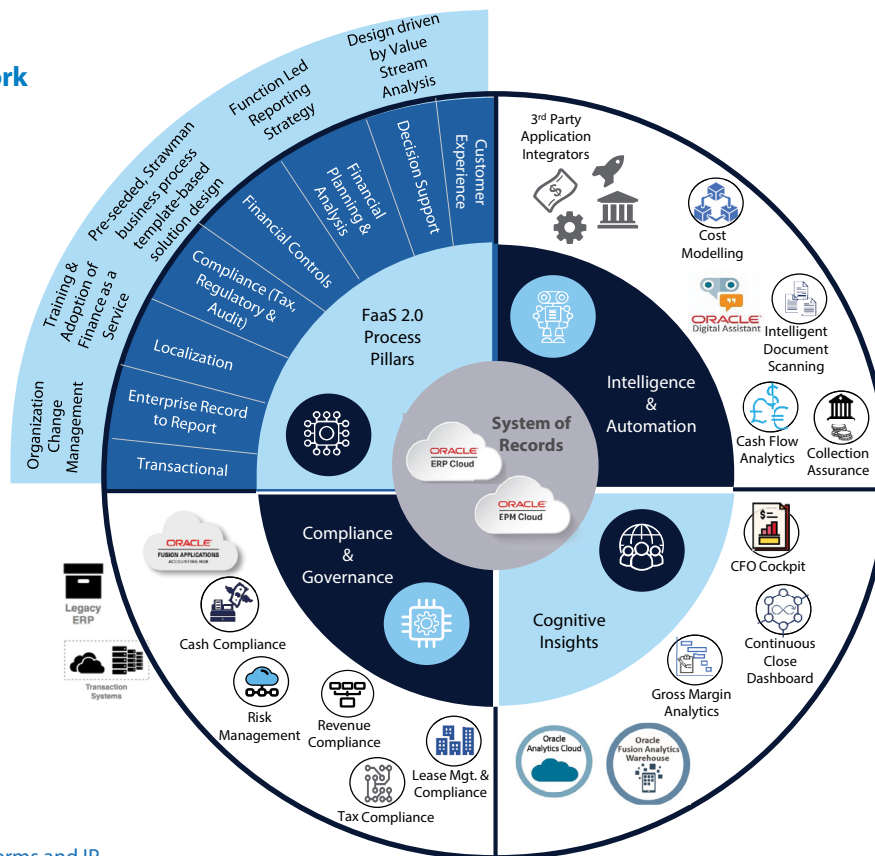
from an operations standpoint. A sample strategy to reach the goal would include adopting automation, process reengineering, and/or implementation of shared services.

In this way, FaaS gets to the core of what's most important faster, better, and more importantly, provides consistency.

Behind the scenes

Finance as a service framework by Infosys is a framework built over an Oracle ERP and EPM cloud as a system of record, part of Infosys Cobalt. It embodies a CFO's ongoing journey towards a Target Operating Model (TOM) via optimization of people, process, technology, data, and governance to maximize value-add for the business.

Finance as a Service framework (FaaS)



Powered By Infosys Platforms and IP



Figure 5 The Infosys FaaS framework

In addition to a renewed focus on processes, Finance as a service framework by Infosys also embraces data, innovations, compliance, and governance to ensure that all facets of business working deliver tangible benefits and collaboratively add sustainable value to the business.

Furthermore, this framework lays the foundation for a shared services model where the process, people, technology, data, and governance are weaved in as a service layer. A powerful combination of automation, layers of AI and ML, ongoing innovation, and sensitivity to micro changes every day neutralize the risks arising from a shared workforce.

This framework has been conceptualized with great thought to generate value based on real-world challenges and experiences. Here are some highlights.

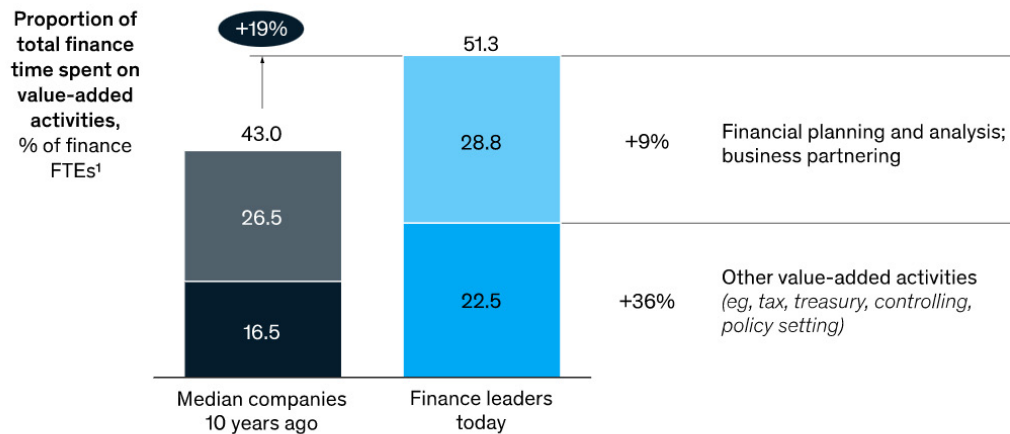
- It applies to companies of all sizes. Companies can selectively outsource any of the eight level zero pillars, as shown in Figure 4 or extend it to establish a shared services model.
- It is inherently consultative in nature. At the onset of an engagement, Infosys uses an in-built mechanism to assess the organization's operational maturity. It benchmarks the organizational metrics with peers in the industry and plots a transformation roadmap that aims to deliver value.
- The framework helps identify the value and ways to achieve it and track and report it in real-time to gauge improvement.

Finance as a service framework by Infosys' vision is a perfect blend of real-world applicability while retaining an eye on emerging trends. It enables a CFO to maximize value for its stakeholders, both internal and external.

Experts' views resonate with ours

Finance as a service framework by Infosys' approach lines up with what industry experts are proposing. For example, consider this finding from a McKinsey study which revealed that CFOs are paying more attention to value-added activities.

Finance leaders today spend 19% more time on value-added activities than the typical finance organization did a decade ago



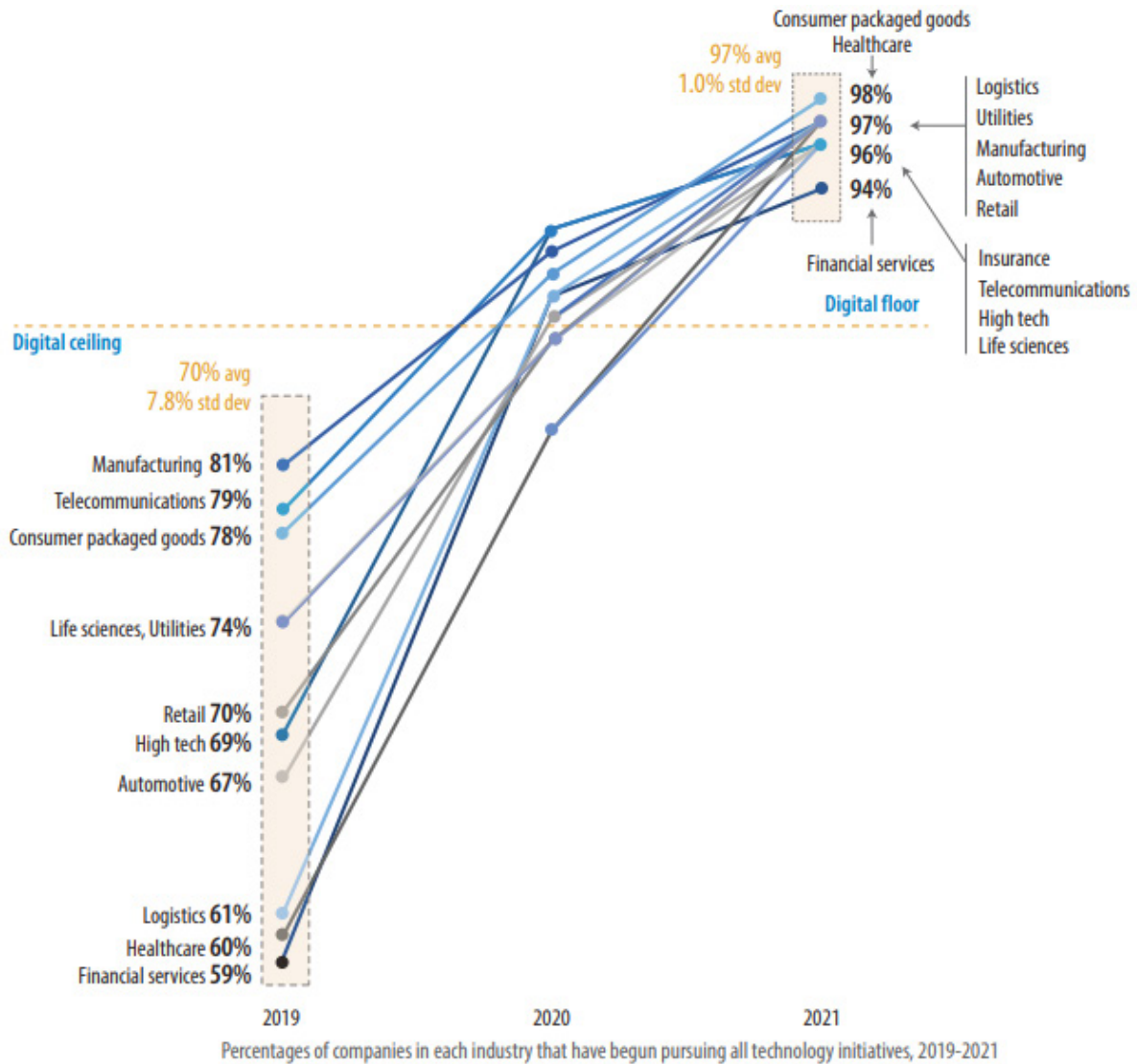
¹Full-time equivalents

McKinsey
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Figure 2 Changing profile of activities in the finance organization



While CFOs have already been looking to introduce more value-adding capabilities into the finance organization in the last several years, the emergence of digital technologies has accelerated this trend.



Source: Infosys Knowledge Institute

Figure 3 Digital technology adoption is on the rise

The good news is that organizations are no strangers to digital transformation today. Research firm Gartner's survey in 2021 validates this statement stating that finance leaders aim for a leaner, digital and data-driven organization.

While the indicators from various sources point in the same direction, the imperative now is to speed up while laying a strong digital foundation that can enhance efficiencies and be more ready to weather dramatic shifts in the environment. Overall, organizations must harness digital tools to improve processes, manage data, align risk and compliance, and enhance reporting for the future to be more stable. Embracing the Finance as a service framework by Infosys model is one such prescribed way to race ahead in the digital journey.



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Newin heads the Global Delivery for Financial Services, Healthcare, Insurance and Life Sciences for the Oracle practice at Infosys. He has been instrumental in incubating new practices, setting up new Centers of Excellence, and penetrating new markets that have helped differentiate Infosys in the marketplace and add value to clients. In his current role, he is responsible for the growth and helping clients successfully embrace Digital Transformation.



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Infosys Cobalt is a set of services, solutions and platforms for enterprises to accelerate their cloud journey. It offers over 35,000 cloud assets, over 300 industry cloud solution blueprints and a thriving community of cloud business and technology practitioners to drive increased business value. With Infosys Cobalt, regulatory and security compliance, along with technical and financial governance comes baked into every solution delivered.

For more information, contact askus@infosys.com



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