

EBOOK

# CFO 3.0 – Digital Transformation Beyond Financial Management

Preparing the finance function  
in the wake of COVID-19

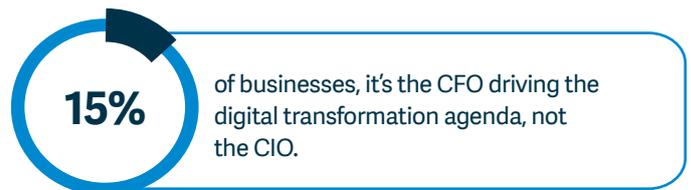
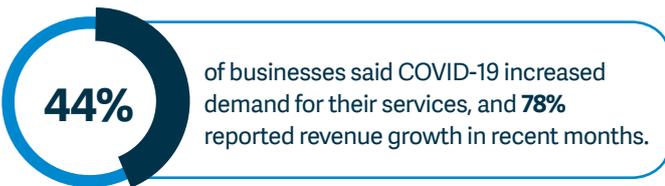
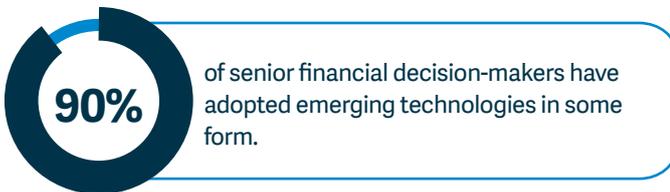


# Why read this eBook?



- COVID-19 shifted the responsibilities of the CFO, accelerated digital transformation, and amplified challenges around remote working, compliance, and cyber security.
- Regardless, South African CFOs are confident. In **technology, in the future, and in themselves.**
- Powered by **financial management and emerging technology**, all the senior financial decision-makers we spoke to are looking ahead – and they like what they see.

## KEY FINDINGS



**CFOs are confidently leading the digital transformation agenda within their organisations.**



The CFO 3.0 research study for South Africa was conducted by World Wide Worx on behalf of Sage.



# The changing role of the CFO

Welcome to the third evolution of the CFO



## CFO 1.0 THE HISTORIAN

- Always looking backwards
- Adopts traditional thinking about data and past performance
- Only now starting the digital transformation journey



## CFO 2.0 THE REAL-TIME ANALYST

- Uses modern financial management tools to automate the finance function
- Real-time data and dashboards support operational and performance improvements



## CFO 3.0 THE VISIONARY

- Uses data and emerging technology to create a vision of the future
- AI and machine learning bring them to a new phase of finance

CFOs face new complexities as a result of the COVID-19 pandemic, including **managing a remote workforce** and an **expanding security and compliance mandate**. But they're not facing these challenges alone.

In **75%** of businesses, it's the CEO who drives the overall strategy

### This means two things:

1. Digital transformation is no longer solely the responsibility of the CIO.
2. Since budgetary approval is a key element of digital strategy, the finance function has also moved to the core of business strategy.



**9 out of 10 senior financial decision-makers play a key role in their organisation's digital strategy, with 15% being fully responsible for digital transformation.**



# Driving digitalisation



**“Aren’t they scared about losing their jobs?” Not in the least.**

**75%** of CFOs are not worried about automation’s impact on their own job security or whether they’ll be made redundant. **88%** of CFOs don’t believe that AI will take away jobs.

## What do CFOs get in return for handing over the number-crunching to automation tools?



Time and opportunity for creative and strategic thinking



Accurate forecasting, planning, and efficiency



Room for critical analysis and innovation to augment business strategy



Enhanced data governance

**... seems like a fair trade.**

## In the past two years, finance leaders have taken on new job responsibilities:

**27%**

Managing remote workers since lockdown began

**21%**

Driving business strategy and objectives

**14%**

Managing government affairs and relations

**14%**

Digital transformation related activities

# Managing uncertainty



With COVID-19, CFOs have the added challenge of ensuring compliance across a decentralised network, a scattered workforce, and larger attack surface.

All the trends that were at play before the pandemic – the move to the cloud, managing remote work, and achieving compliance – have been accelerated. Today, **27%** of senior financial decision-makers are involved with remote worker management.

**This is the single biggest shift in the role of financial decision-making in the last decade.**

Those that were already using cloud-based financial management solutions were able to successfully navigate this new landscape. And the majority have a positive outlook for the future.

**78%** of businesses reported growth in revenue in recent months

**49%** of CFOs reported a strong or moderate increase in organisational performance over the past year

**44%** of businesses said COVID-19 increased demand for their services

**31%** of businesses reported little change in organisational performance over the past year. Those that reported a decline in performance said they were still able to maintain profitability

## Biggest challenges facing finance professionals in South Africa



Changing stakeholder needs



Managing risk around fraud and cybersecurity



Using technology to modernise business processes



Managing remote teams



Staying informed on changing regulatory requirements

# Enabling success with technology



**The narrative around technology making humans redundant is starting to change.**

**89%** of CFOs welcome **automation** performing more of their day-to-day accounting tasks in future.

**40%** believe that AI and machine learning will **improve forecasting and financial planning** even further. Clearly, confidence in new technology is growing, with most senior financial decision-makers citing direct productivity benefits, like automated compliance reporting and the ability to make real-time decisions around risks and opportunities.

Emerging technology is the solution for **43%** of senior financial decision-makers who find staying informed about **changing regulations** a challenge.

**59%** of CFOs expect emerging technology to audit results continuously and to automate period-end reporting and corporate audits, reducing time to close in the process.

## Digital culture champions

Driving a cultural change wasn't a concern for most South African CFOs, with **73%** saying their organisations are ready for more automation. And they're setting the cultural example by not only calling out emerging technology as crucial to their success, but also putting a stake in the ground on the humans-versus-bots debate.



**9 in 10 CFOs say next-generation financial management technology is critical to their success.**



Sharing knowledge and timelines on strategic developments and explaining the significance of these changes will help CFOs to alleviate the fear of the unknown.

# Beyond the books

## Driving productivity with tech

Sage's CFO 3.0 research identified three core technologies driving productivity in finance:

1

### Data analytics



**66%** of senior financial decision-makers use data analytics to drive productivity in finance. In South Africa, **64%** of CFOs spend more time analysing data than they do gathering and processing it. This compares to 50% of financial managers in the UK.

2

### Cloud-based accounting platforms



**72%** of large businesses operate in the cloud, from either hybrid or fully cloud-based systems. **77%** of large businesses use cloud-based solutions for financial management, and **over 80%** say cloud technologies help to create more agile and cost-effective in-house finance functions.

3

### Compliance automation solutions



**65%** of large businesses rate their company's investment in automating financial management as "good" or "excellent", with **over 80%** using financial management technologies to uncover efficiencies, optimise operations, and automate and expedite compliance reporting.



**Businesses that don't have some level of cloud-based financial management reveal that this tends to go hand-in-hand with a lack of overall strategic direction.**



# Cloud is critical to success



**Our survey revealed that cloud computing allows financial leaders to achieve five critical aspects:**



**89%** of senior financial decision-makers say financial management technology is key to their success.



**86%** say financial management technologies help their businesses to discover new opportunities and/or risks.



**83%** of CFOs use cloud technologies to create more agile and cost-effective in-house finance functions.



Using financial management technologies, **82%** of CFOs have uncovered efficiencies and optimised operations.



**82%** of senior financial decision-makers use financial management technologies to automate and expedite compliance reporting.

## Gatekeepers

As the custodian of data, fraud, cybersecurity, and data privacy, CFOs are increasingly looking to emerging technology to decrease risk, enable real-time decision-making, and help them to build a finance function that can withstand future challenges.

**50%** of CFOs say managing risks such as fraud and cybersecurity are currently a challenge for them.

**72%** of CFOs say cloud-based financial management technologies have improved security and helped protect financial data.

# Riding the tech wave



**Technology is taking finance in a new direction** and senior financial decision-makers are going along for the ride – and enjoying it.

Those that ride the wave will have an easier time of **leading through uncertainty** and **driving digital transformation**. That's because the modern CFO will need to be versatile – marrying skills such as accounting, analytics, business management, and strategic-thinking.

It will be a rare combination, but the job is no longer just about number crunching. Armed with powerful data and emerging technology, CFOs are poised to be agents for change. And most of them already know this.

## Welcome to the era of CFO 3.0





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