



# AN ACTION PLAN FOR **FINANCE TRANSFORMATION**

ENSURING THE INITIATIVE HAS A LASTING IMPACT  
ON BUSINESS OUTCOMES

MODERN FINANCIAL EXECUTIVES UNDERSTAND the value of digital transformation to put their finance teams and their organizations in a position for growth.

A recent CFO Research survey confirms that senior finance executives are making investments in technology to reshape the finance function, with 60% of respondents reporting that they will devote at least 20% of their current finance budget to digital transformation initiatives.

The commitment to digital transformation is expected to get even stronger in the coming years. Among the CFO Research survey respondents, 59% plan to increase their total spending on digital transformation initiatives by at least 5% next year.

Naturally, the goal of automating current processes is to get work done more efficiently and at lower cost. “If you simply automate existing processes, you are going to see some efficiency gains, but you’re not going to change business outcomes,” said Terrence McCrossan, Chief Executive Officer at Oversight, a leading provider of AI-powered spend management solutions.

Progressive leaders take a more forward-looking view, examining how emerging technologies can improve decision-making and strategic planning. In the area of spend risk, for example, the goal should be less time and effort expended on identifying individual instances of waste, fraud and misuse, enabling organizations to dedicate more resources to broader risk coverage.

This eBook will outline some of the current challenges, benefits, and best practices for maximizing your investment in digital transformation to improve processes and minimize risk in the long term.

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## OVERCOMING CHALLENGES

As with any major change, there are some barriers to digital transformation of the finance function, with one of the most pressing being a prevalence of departmental and functional silos. Spreadsheets for tracking spending, for example, sometimes exist on laptops or on shared drives at the departmental level, preventing finance from having a clear picture of where things stand until they are shared or updated, which can happen infrequently. Not to mention that manual processes are prone to error.

“Departments and business functions manage spend through a variety of source systems, and the result of these different toolsets is that there is no single control that can be relied upon,” said Manish Singh, Chief Operating Officer, Oversight.

A contributing factor to potential finance roadblocks is that organizations don’t always view finance as an end-to-end process that involves multiple functional areas. “When you’re transforming the finance process, it is not just the finance team that is being impacted,” said Brett Brenner, Managing Director, Advisory, KPMG.

In a related challenge, different parts of the organization are at various levels of digital maturity. “Companies will often have to make incremental investments to bring some functions up to speed, but they sometimes struggle with developing a strategy for investing,” said Zach Dworkis, Senior Director, Finance Transformation, The Hackett Group.

Another situation that can hamper transformation is that current controls often don’t meet the needs of all finance functions and relevant stakeholders to ensure continuity on the risk spectrum and optimize workload. When items are stuck in someone’s inbox, the company is vulnerable to risk, such as missed compliance deadlines or opportunities to capture value such as early payment discounts.

Constrained workflows also prohibit critical thinking and analysis of risk. When an organization relies on manual audits, rather than having routine transactions reviewed through smart automation, they are not free to focus on the exceptions, evaluate risk, or perform other value-added activities.

Then there are cultural barriers that have to be overcome, in particular the perception that automation will eliminate jobs. “It’s clear that there will have to be reskilling of current employees or new jobs, but clear communication and setting of expectations can help ease concerns,” said Brenner.

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## WHY CFOs ARE BEST POSITIONED TO ADDRESS THESE CHALLENGES

The CFO has unique insight into many facets of the organization, which provides them an unrivaled vantage point to view the impact of transformation initiatives. They also know that 80% of the effort within their own function remains focused on clerical data gathering. Just 20% is spend on strategic analysis and actioning. Therefore, they have a great opportunity to be transformation leaders “at home,” creating early proof points of success that can be leveraged across the enterprise.

To lead a successful project, it is important for senior finance executives to partner with owners of business functions across the organization. IT, procurement and operations should all be involved due to their close ties to finance.

HR is sometimes left out of the transformation discussions, but as the nature of the jobs shift from transactional to strategic, they can help with some of the staffing challenges that come with finance transformation. “CFOs can partner with HR to proactively address evolving skills and talent requirements and identify recruiting patterns and hiring needs,” said Vin Kumar, Digital Finance & GBS Advisory Program Leader, The Hackett Group.



## INSERTING HUMANS TO AUGMENT AUTOMATION

There are clear benefits to a digital transformation for finance, making it a worthwhile investment. One of the key benefits can be the elimination of redundant auditing tasks. According to data from Oversight, automation can reduce auditing effort by as much as 90%. With staff intervening in the auditing process only when necessary, they have time to focus on higher-value work.

“Auditing used to be viewed as a ‘gotcha’ type of function involving finding fraud or compliance issues after the fact,” Brenner said. “Now, with robotics and other advanced technologies, the role has evolved into preventing certain actions before they become an issue.”

Mitigating risk requires agility. Modern solutions enable real-time analysis and optimize workflows to support better business outcomes. Eliminating the bottlenecks improves the ability to react to risk in the moment, not after the fact.

From the finance perspective, it is important to create a culture of compliance that reduces cash leakage. Cash leakage happens in many forms, including poor purchase decisions, improper payments and missed opportunities, such as early pay discounts.

The benefits of a digital transformation go beyond the finance function. Continuous monitoring of enterprise spend risk that extends to areas such as purchasing and procurement can provide an even quicker return on a digital transformation investment.

As such, a transformation can be the foundation for a culture of compliance that reduces cash leakage and improves decision-making across the business. “Everyone should understand how their decisions and behaviors affect working capital,” Brenner said.

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## QUICK WINS AND LONG-TERM GAINS

When evaluating automation solutions, companies should look for mature technology that has the ability to provide a single version of the truth. “The tools should have purpose-built analytics for optimizing spend with a highly refined AI process,” said Oversight’s McCrossan.

Initial success can be achieved by applying those tools to low-risk, high-value targets that have a high likelihood of success. Some examples include:

- Preventing cash loss from errors, misuse, abuse and fraud, such as duplicate/fraudulent expenses. Oversight customer HD Supply immediately identified potential duplicate procure-to-pay transactions totaling more than \$3 million dollars.
- Refining/establishing better policies and process controls. A Fortune 500 freight transportation company saw a 63% drop in non-compliant purchase card transactions in one year. Oversight data indicates as much as a 70% reduction in out-of-policy spending in the first 12 months.
- Spotting opportunities to consolidate vendors, take advantage of early pay discounts.
- Developing more precise budgeting with visibility into actual spend.
- Executing more accurate, efficient financial reporting.

Once initial success has been achieved, some companies take their eyes off the prize and lose momentum. It is important to sustain the momentum beyond the first year by establishing metrics for success and having a plan to measure and evolve as goals are achieved.

## CONCLUSION

Digital transformation is happening and organizations are increasing their investments in systems that will automate clerical finance functions and put increased focus on strategic areas that impact cash flow, such as spend management and compliance.

By nature, CFOs are focused on the return on any investment. Efficiency and cost reduction are welcome, but there also needs to be a long-term vision for how the enterprise will benefit.

A digital transformation involves a strategic deployment of technology to increase efficiency and make better use of staff time. The ultimate goal is to spend less time gathering information and spend more time analyzing and actioning it to achieve better outcomes for the business. CFOs are well positioned to be leaders in this effort.

## ABOUT **THE SPONSOR**

Oversight Systems is the world's leading provider of AI-based spend management and risk mitigation solutions for large enterprises. Based in Atlanta, GA, Oversight works with many of the world's most innovative companies and government agencies to digitally transform their spend audit and financial control processes.

Oversight's AI-powered platform works across our customers' financial systems to continuously monitor and analyze all spend transactions for fraud, waste, and misuse. With a consolidated, consistent view of risk across their enterprise, customers can prevent financial loss and optimize spend while strengthening the controls that improve compliance.

