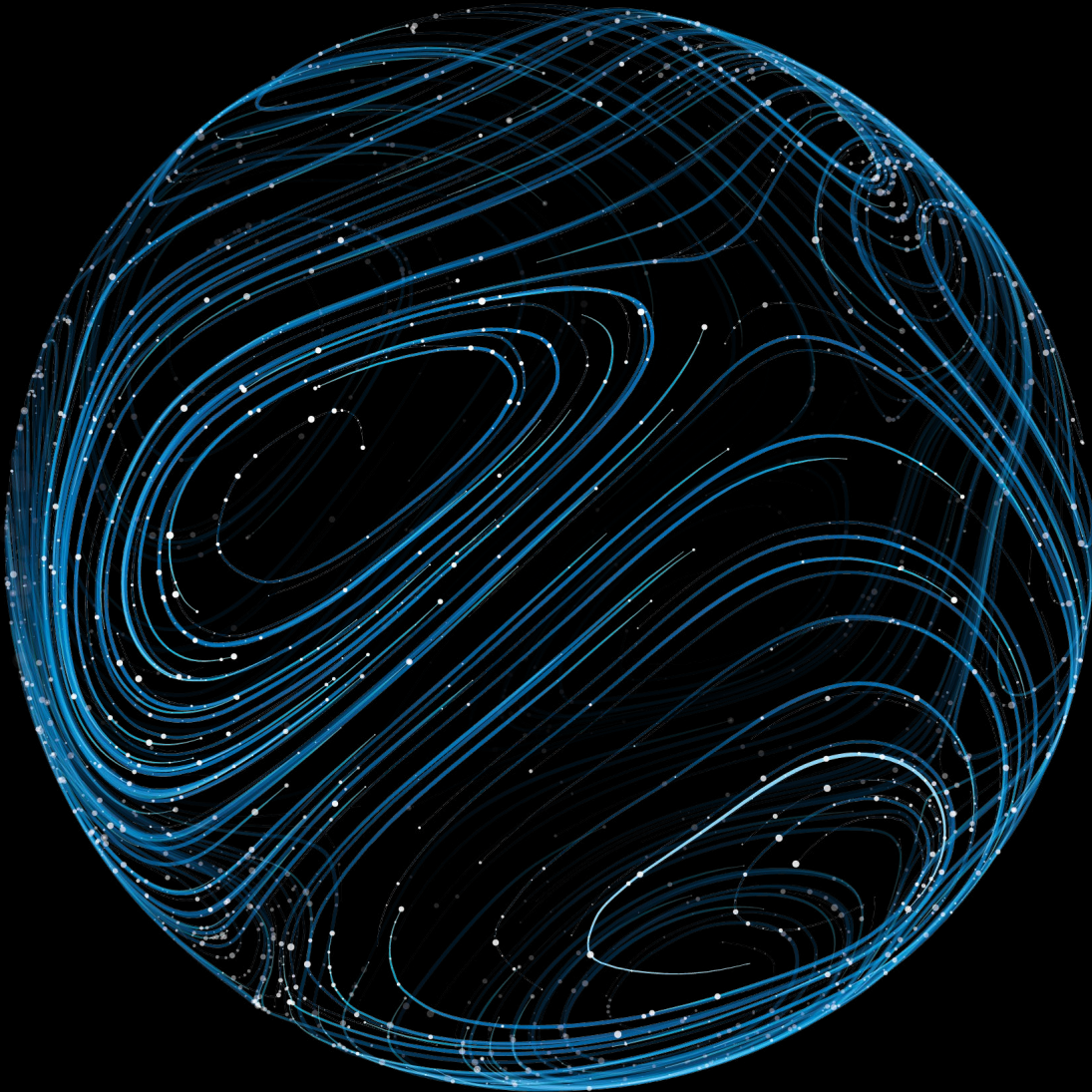


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**Reimagining Finance
operations in the digital age**



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Introduction

The Finance function has always had high expectations to being an effective business partner. Whether it is managing finances, supporting decision making, ensuring corporate governance and compliance, working with auditors, liaising with facing investors or leading corporate development, there is never a quiet period for Finance leaders.

Today's Finance leaders are faced with additional macro and micro level challenges. The war on talent has reached new heights with new generations expecting a different career experience; rapid technology advancement provides options but also difficult investment choices; the anticipated global recession on the back of the global Covid-19 pandemic and geo-political instability makes securing resources and investment extremely difficult for some time.

To excel in times like these, Finance leaders have had to find new ways to reimagine Finance operations in this new age.

Market disruptors impacting Finance operations

Traditionally, finance shared service centers (FSSC's) have been formed in a centralized location (onshore or offshore) and are managed by leaders who are trained in delivering streamlined Finance services and compliance activities to reduce operational costs. In our 2021 Global Shared Services survey, our respondent organizations indicated that they achieved cost reduction and business strategy and planning objectives.

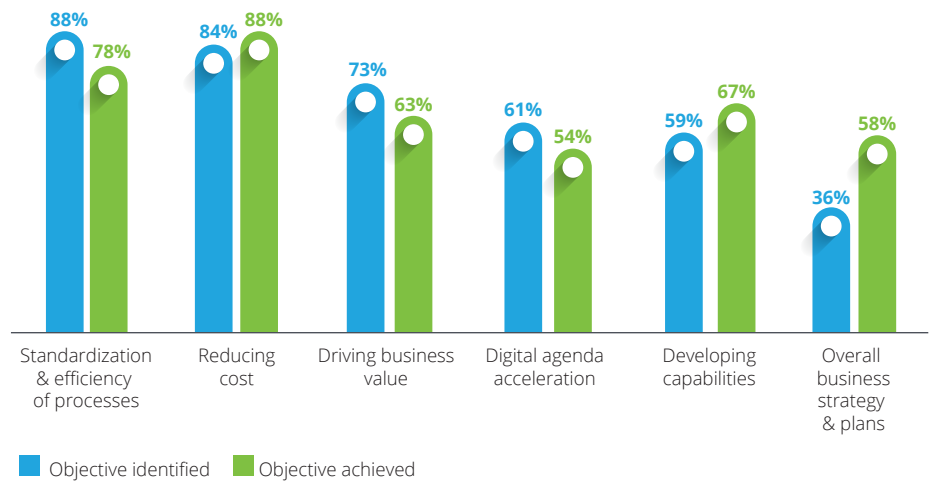


Figure 1: What are the objectives of investing in Shared Service Center capabilities, and what has been achieved?

However, there are clear opportunities to improve standardization and efficiency with digital transformation and drive business value

With the support of technology being the most important enabler, Finance SSCs have been expanding their service catalogues, geographical reach, and the level of automation in service delivery over the past decade. Accelerating the digital agenda implementation and increasing virtual practices have been identified as the key areas of focus for 61% and 59% of our survey respondents, respectively. However, the pressure on the traditional FSCCs model to succeed has never been greater than it is today due to the following factors:

1. War on talent intensifies: The Future of Work is evolving. Talent and people management is becoming more demanding as employees are working in a more agile manner and require careful consideration. Having a secure and well-paid job is no longer enough.

2. Technology advancements: 63% of our survey respondents said AI and cognitive technologies will have an impact on their workforce. Over the years, robotic process automation (RPA) has remained the most desirable digital enabler for SCCs and is expected to remain a key focus area.

3. Regional ambition: From a local lens, the Middle East and GCC region have soaring ambitions with demanding emerging visions such as DXB10 and KSA Vision 2030 that have high aspirations to enable innovation, acceleration, standardization and cost efficiency. For these visions to succeed in a digital era, conventional ways of working are being tested and there is a need for smart and agile ways of working.

4. Post Covid-19: The post-Covid-19 pandemic world looks unclear, but for Finance leaders, one thing is certain: Conventional wisdom and long-held “orthodoxies” have been challenged during the pandemic, and require many changes including physical proximity, outsourcing arrangements, business continuity and creating resilience, full automation and maintaining security. While the pandemic led to cost reduction and diversification across businesses, it has mostly resulted in the inclination to improve digital capabilities. In fact, according to Deloitte’s Global Shared Services survey, 80% of global Finance leaders plan to introduce or enhance their use of robotics in shared services and realign their focus towards the digital experience.

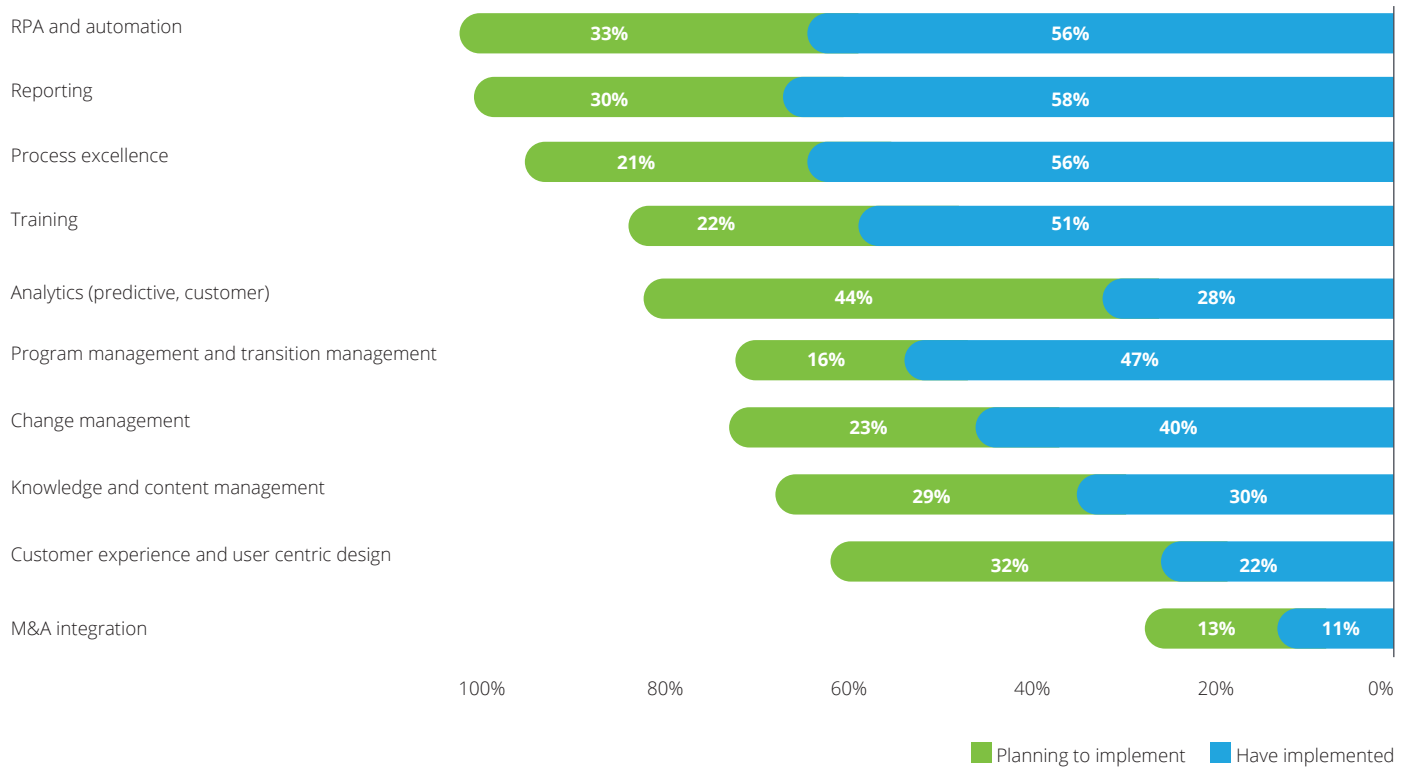


Figure 2. What are the capabilities implemented or planned to be implemented in SSCs?

Digital Finance operations

Finance leaders know that they need to reimagine Finance operations with new ways of thinking, methodologies, and frameworks to ensure their success. Organizations are shifting away from implementing traditional FSSCs to Digital Finance operations. According to our most recent Global Shared Service survey, 73% of respondents reported that they are considering hybrid models for their shared services organization while 14% are thinking of expanding remote working capabilities within the next three to five years (Figure 3a).

Similarly, among outsourced SSCs, 42% of respondents are also considering remote and 19% are considering hybrid models (Figure 3b).

Digital Finance operations differentiate themselves from their analogue ancestors by removing the centralized location constraints, harnessing the power of emerging technologies - such as cloud-computing, robots, predictive analysis, and automation and increasing the cultural sensitivity in the model to increase physical proximity of shared service employees to their customer.

The new approach also allows the growth of existing service catalogues by adding new services that were once impossible to deliver due to location differences. It also further improves on the existing benefits:

1. Cost reduction

Finance leaders remain focused on cost as a key driver for business case. We are witnessing a reduction on capital expenditure needed to deploy a large physical center due to the remote working model. Additionally, Finance services are constantly being streamlined and simplified to increase efficiency and ultimately reduce cost. Furthermore,

the use of RPA leads to the reduction of manual work and resources required to manage the same demands. According to our survey, 54% of respondents achieved more than 10% savings through digitalization and RPA implementation (Figure 4).

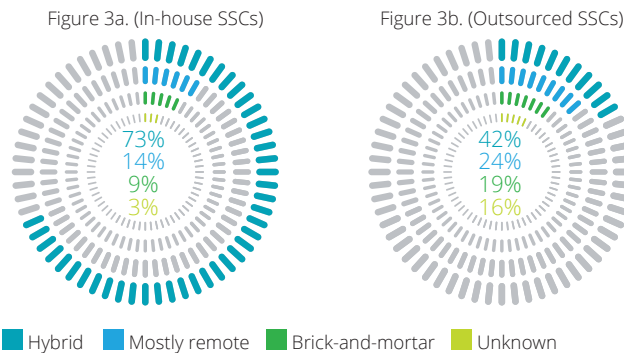


Figure 3. Which model is being considered for your shared services organization for the next three to five years as we emerge from Covid-19?

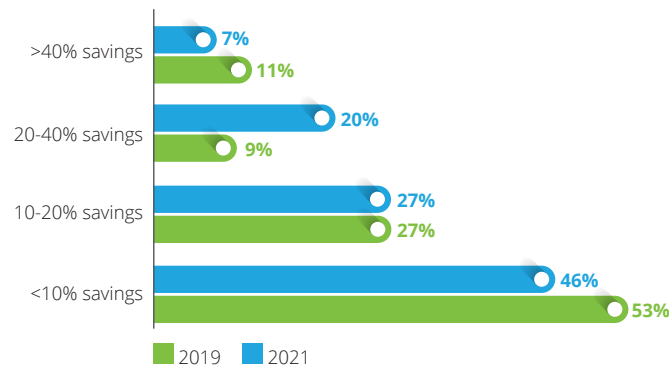


Figure 4. Based on your robotics process automation (RPA) experience thus far, what level (%) of savings has been achieved?

2. Delivery capabilities

Digital Finance operations focus beyond cost reduction and compliance. They have superior delivery capabilities with more efficient processes by design. Digital Finance operations improve the quality-of-service delivery with the adoption of new technologies such as cloud-enabled “as-a-service” models and process automation. In Deloitte’s 2021 Global Shared Services and Outsourcing survey report, 47% of organizations listed “leveraging more automation and technology to enhance service delivery” as a top priority.

3. Data for decision making

Digital Finance operations deliver their

services through a technology platform on which the data has been tracked and captured at every step of the delivery. The advancement of disruptive technologies matures reporting capabilities from limited integration across platforms to advanced predictive analytics. Predictive analytics can lead to better understanding of customer behavior and anticipate customer needs –key ingredients for better decisions. Among the 61% of SCCs surveyed, 72% conduct reports for the enterprise, 61% analyze historical data to recognize emerging trends and 54% use robotics and process automation data to drive decision-making.

4. Employee experience and customer satisfaction

The multi-tiered structure of Digital Finance Operations elevates employee experience along multi-geography coverage, given that employees do not have to be in a centralized location and can be closer to the business. Based on one of the largest technology providers for Digital Finance Operations, ServiceNow’s case studies, customer experience and employee satisfaction scores that exceed 90% have been recorded multiple times after the launch of Digital Finance operations and implementation of the technology.

Digital Finance operations focus beyond cost reduction and compliance

Reimagining Finance operations: A successful case study

The premium organization has been operating a captive Finance shared services for two years. To improve operational performance and bring more value to the organization, the leadership initiated a digital transformation along the pillars of people, process and technology.



People

A task force made up of selected individuals from operations was established and put forth targeted training around innovation, process re-engineering and business case development.



Process

Cumbersome processes were re-designed to remove bureaucracy and manual touch points, equalize workload across the month and improve management reporting quality and frequency.



Technology

Digital enablers such as Blackline, RPA, ERP adjustments and portal upgrades were deployed over a 9 month timeline to drive better controls and performance.

The integrated transformation was delivered with a detailed focus on stakeholder management. The continuous engagement with internal audit, IT, Finance leadership team and BU Finance leaders paved the way for a successful transformation. At the end of journey, the organization experienced greater customer satisfaction, improved employee experience and better controls and operational performance.

Conclusion

Finance leaders are finding new and innovative ways to engage with their employees, improve overall satisfaction, enhance delivery capabilities, and drive the business. Digital Finance operations consists of a reimagination of the function whereby:

- 1- Employee behaviors and expectations have dramatically changed in the digital age resulting in the rise of new, dynamic employee journeys and a different way of looking for and connecting to organizations.
- 2- Accordingly, organizations must evaluate their service delivery in order to create personalized, memorable experiences and be relevant to their employees.
- 3- To support this, Finance Operations and Finance shared services need to evolve to Digital Finance Operations based on a human-centric and agile approach.

Are you there yet?

Developing and delivering holistic employee-centric Digital Finance operations is not an easy task, and many companies have made the common mistake of managing these initiatives in silo. Finance leaders who want to move away from that tendency need to develop a digital-first mindset by which a company's digital activities, people, culture, and structure are aligned with the leader's broad ambition.

How can Deloitte help you get there?

Deloitte is at the forefront of Digital Finance operations across industries. We have deep, specific, hands-on delivery and advisory experience conceptualizing, building business cases, designing, and implementing Digital Finance operations. We are well poised to work collaboratively

with you to define and execute your Digital Finance strategy, develop an architecture that aligns employees, technology, and business objectives. Our Digital Finance operations, by design, enable seamless delivery and connectivity, internally and externally.

About us

We pride ourselves as complex problem solvers who partner with our clients from strategy to execution. We deploy teams that are multi-disciplinary so we can solve complex and dynamic problems together. We work in a collaborative way with you. Together, we shape the connections necessary to enable a better future for our clients, our culture, our society, and our planet. Visit www.deloitte.com or follow **Deloitte Digital on LinkedIn or Twitter to learn more.**

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