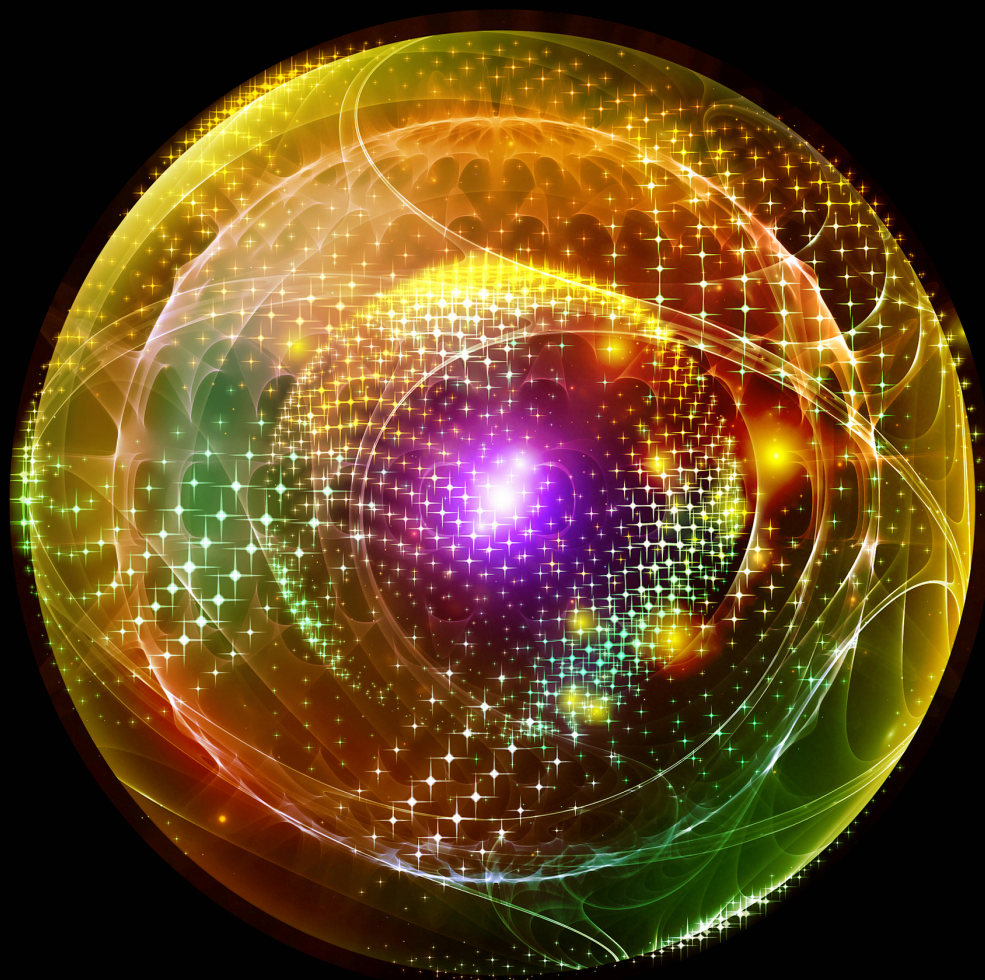
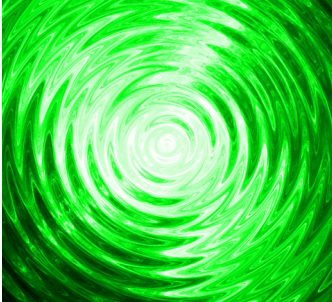


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Getting your ERP- enabled finance transformation on the right path

Defining the vision and road map



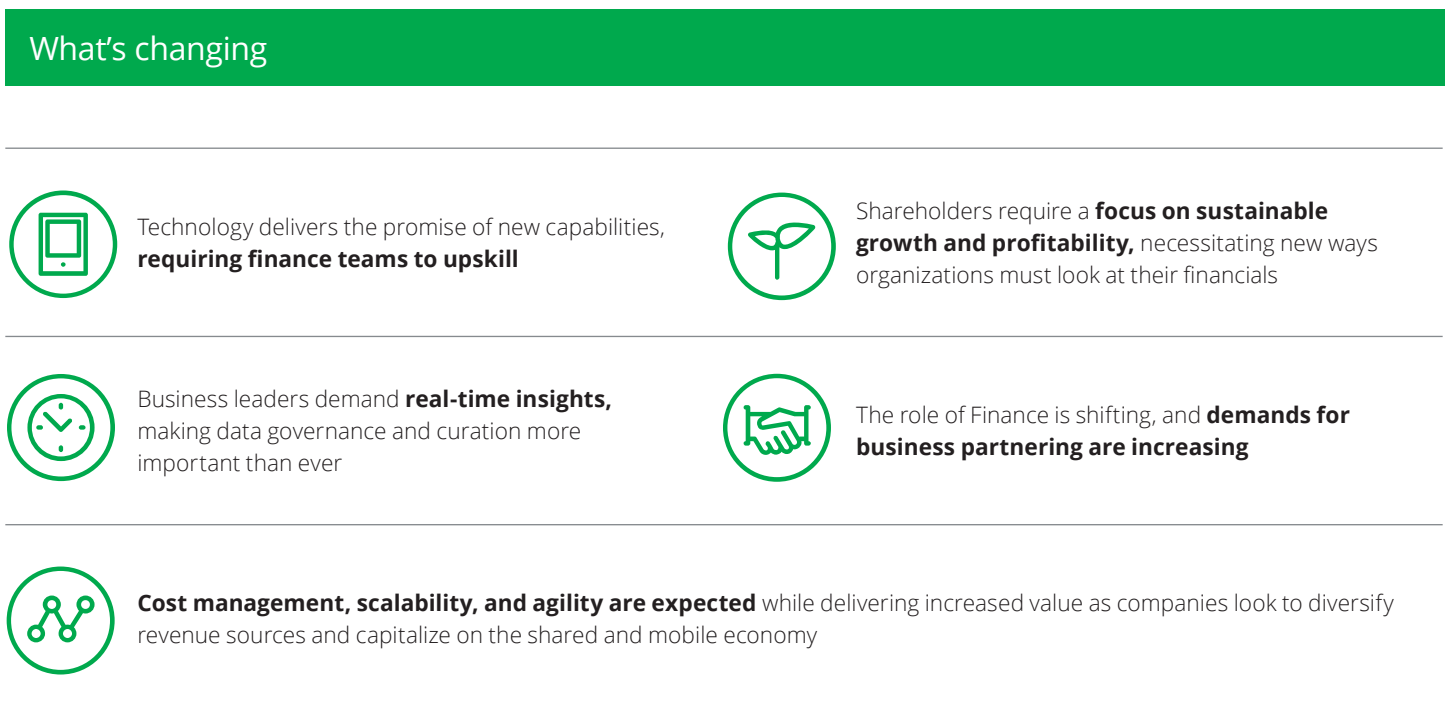
Like many finance leaders today, you may be thinking about how digital transformation might enable new finance capabilities and drive better business insights. At the same time, COVID-19 may be prompting your IT organization to consider new enterprise resource planning (ERP) systems that can simplify system architecture, reduce costs, and make current infrastructure easier to manage and more agile.

If your organization has already completed a remote close process, you have also likely identified the need for increased standardization and access to data in a remote work environment, for both business continuity and delivery of business insights. For many organizations, addressing these new and evolving challenges will start with a finance vision and road map to inform an ERP-enabled finance transformation journey. What should be top of mind, and where do you begin?

Keeping up with a changing landscape

With many businesses undergoing rapid change, executives are looking to Finance and enabling technology to help deliver business insights, automate decision support, and drive advanced capabilities. The changing landscape is positioning Finance to serve as a more effective and efficient business partner (figure 1).

Figure 1. Change imperatives for Finance



Elements of an ERP-enabled finance transformation strategy

Chances are, your finance team is routinely pulled in multiple directions, each with competing needs and stakeholders. Particularly in this context, an ERP-enabled finance transformation journey requires a clearly defined and communicated strategy, beginning with both a vision and a road map. These two documents serve as strategic guides for modernizing and transforming capabilities (figure 2).

Figure 2. Finance vision and road map

Finance vision

A set of choices and goals that articulate and align Finance's aspirations for how the function serves and partners with the organization. The vision becomes the "North Star" for the technology-enabled finance transformation.

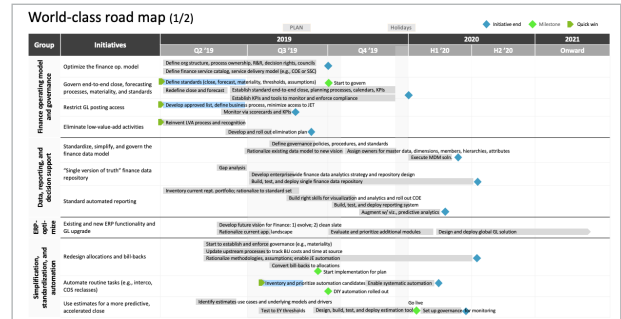
Example

A service-oriented strategic business partner that adds value by being innovative, agile, and accountable for delivering insights to achieve business performance objectives.

Finance transformation road map

A prioritized and aligned list of initiatives, sequenced to enable the desired finance and IT priorities by addressing people, process, and technology enablers required to fulfill the finance vision.

Example



Warning signs: Strategy of symptom-solving

As you embark on transformation, make a clear distinction between the vision you want to achieve and potential solutions such as:

- Developing functional strategies related to Finance (e.g., tax and treasury)
- Implementing an ERP system
- Performing a benchmarking assessment
- Executing process reengineering initiatives
- Identifying and implementing point solutions

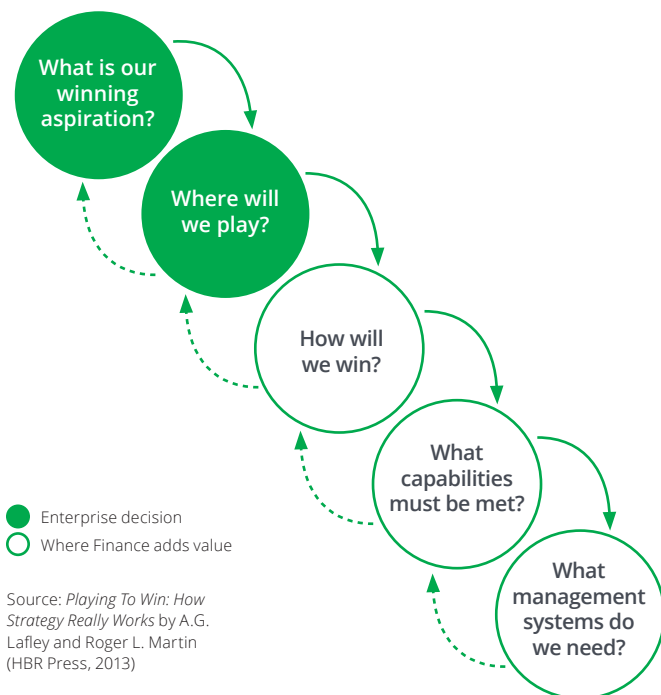
Most road maps will naturally include these solutions; this is appropriate and can be beneficial, but should not distract from the bigger transformation picture. To realize the expected value, your strategy should lead with a defined vision for Finance, which is then enabled by a prioritized finance transformation road map with well-defined initiatives, interdependencies, and timelines.

Define the finance vision

The finance vision aligns choices and goals with your aspirations for how Finance serves and partners with the organization to deliver value. The vision becomes the “North Star” for the ERP-enabled finance transformation.

To create the finance vision, start with your organization’s strategy and the role finance will play in enabling key business decisions. Focus on how you will generate insight and value for the business, based on the company’s business strategy. Answering the questions in the Strategic Choice Cascade provides a good starting point for articulating your vision (figure 3).

Figure 3. Strategic Choice Cascade



Answering these questions will help your finance organization determine how to deliver value to your stakeholders. For example, a consumer product company focused on managing operating expenses may want to invest more heavily in standardizing and automating processes via robotic process automation. Alternatively, a technology company interested in expanding into new markets may want to invest more heavily in financial planning and analysis and predictive analytics capabilities to assess market growth potential.

Once priorities are aligned to the business strategy, define your goals and aspirations, answering the following questions (figure 4):

- Where does the company **expect to win** in the market and how will Finance support the business?
- What **value** should Finance deliver to the business? How can the Finance team enable new capabilities that can evolve with new business models, analytics needs, and acquisitions?
- Do all business-critical stakeholders have a seat at the table? Is there **cross-functional leadership alignment** (e.g., Finance, IT, supply chain, business units) with regard to the capabilities and functionality required to enable the business strategy?
- How will Finance support **value creation and growth** while managing expenses?
- Since transformation (and related ERP and edge solution implementations) take place over several years, how will the finance organization **create momentum** and sustain it throughout the project? How will the organization manage change and enable the future workforce to deliver on promised capabilities?

The organization’s vision guides the finance transformation journey and helps prioritize its digital systems, tools, processes, organization, and data decisions. A few sample vision statements for leading finance organizations can be found in figure 4.



Figure 4. Sample vision statements



Continuous improvement: Be ready to be iterative

During the transformation journey, trade-offs and key decisions will arise after your vision and road map are defined. The defined vision will guide strategic choices.

Client example

A technology client had embarked on a finance transformation journey and had defined its finance vision. It started to develop the enabling road map, which included using a single enterprisewide tool for order-to-cash processing to drive standardization and deliver services from a central low-cost location. Partway through the journey, an unexpected acquisition occurred, and the acquired company was using multiple tools to manage order-to-cash processes locally.

The acquirer had to make a decision: proceed with standardization or reassess the vision and enabling initiatives. It chose to complete the transaction and proceed with its transformation, but allow the acquired company to continue with legacy processes, systems, and operating model in the near term before standardizing its order-to-cash process later in its road map.

Companies must assess impact on the vision, prioritize the required changes, and make a choice on how to proceed.

Build a prioritized road map

The road map is a practical articulation of the vision—a prioritized, aligned, and sequenced list of initiatives that addresses people, process, and technology enablers. The following steps are required to build the road map:

1. Partner with IT, procurement, supply chain, commercial, and other key stakeholders to assess current-state capabilities, tools, and the desired future state.
2. Identify required initiatives across the *people, process, and technology* pillars to achieve the finance vision for future-state capabilities.
3. Evaluate the role of ERP and other systems and tools in enabling the finance transformation.
4. Finalize a list of key initiatives and ongoing or competing priorities; for each initiative, identify resources, milestones, timing, dependencies, and risks.

The initiatives should be tailored to each organization's finance vision, resource capacity, priorities, and maturity of its current capabilities. The finance vision acts as a guide to prioritize initiatives. For example, some organizations may prioritize innovative capabilities, automated controls, and employee experience ahead of cost and efficiency, while others may prioritize cost and efficiency above all else.

The initiatives typically align to one of the following:

- People and operating model (e.g., future of work)
- Process (e.g., simplification and standardization)
- Technology and data (e.g., ERP and RPA)
- Governance (e.g., steering committee meetings)
- Other ongoing initiatives

Figure 5 provides an example of an ERP-enabled finance transformation road map.

An integrated road map typically has a three-to-five-year time horizon and includes major projects and initiatives. It also forces key priorities and interdependencies to surface so that key decisions can be sequenced effectively. During ERP-enabled transformations, nearly all initiatives will be relevant, making the road map the engine that keeps Finance moving in the right direction. Building a road map allows Finance to determine where and how to invest limited resources across initiatives.

Transformation requires significant dedication and knowledge—often from a set of high-potential or highly knowledgeable talent. The road map helps the finance organization plan how to juggle competing demands and answer some critical questions:

- **Value:** How does Finance maintain momentum and achieve wins during a multiyear, ERP-enabled transformation (e.g., quick wins and pilots)?
- **Process:** What level of process redesign and standardization is required prior to implementing the new ERP?
- **Technology:** What is the data strategy, including the corresponding data requirements to enable the desired reporting capabilities?
- **People:** How will current employees need to be retooled so that they can effectively partner with the business in a digitally enabled finance organization? Where is the work delivered now, and where will it, or could it, be delivered?

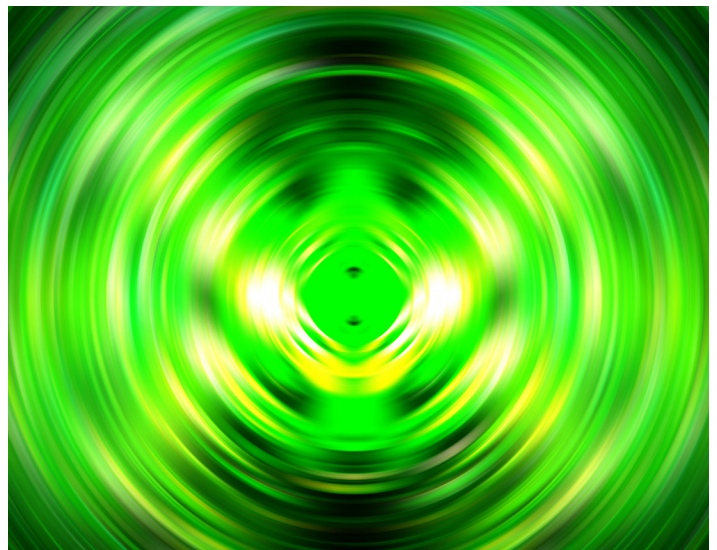
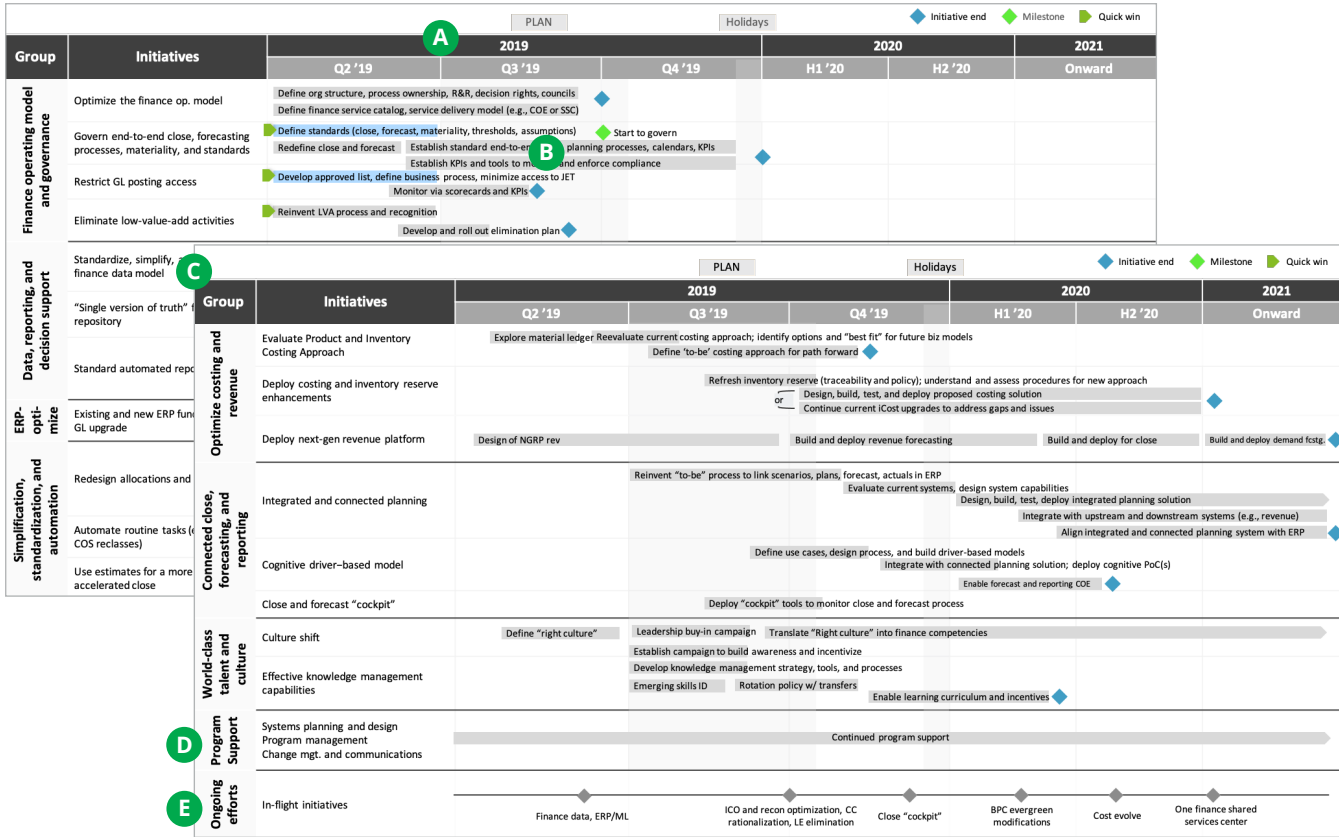


Figure 5. Illustrative ERP-enabled finance transformation road map



A

Three years of prioritized initiatives

Road maps should include a three-to-five-year time horizon and enable value realization across the defined time horizon, not just at the end

B

Key milestones

Milestones should be defined to measure progress against initiatives and link interdependencies across the road map

C

Initiatives grouped by type

Initiatives should be grouped by type, with key interdependencies defined across people and organization, process, technology, and data

D

Program governance

Program governance touchpoints with the steering committee and other key leaders should be scheduled, with required decisions and topics defined

E

"Other" ongoing initiatives

Other key initiatives affecting stakeholders and resources, or that have interdependencies, should be included on the road map

Ready to get started? Key activities and considerations

Setting off on your ERP-enabled finance transformation means understanding what technology can achieve for your organization. Gathering input from stakeholders and maintaining alignment with the rest of the enterprise are essential (figure 6).

Figure 6. Getting started with the finance transformation



Transformation is an opportunity to change everything. As your organization defines the “North Star” that will guide your transformation and builds the integrated road map to enable the vision and generate value for stakeholders, consider these guidelines for success:

- ✓ **Build from the business vision and strategy.** While obvious, it's worth repeating that any vision for Finance needs to derive from the vision of the business. For instance, if the business plans significant M&A activity, expansion to a new geography, or a new way of managing customers (requiring new levels of detail), then Finance should craft its strategy to support these objectives.
- ✓ **Engage key business stakeholders and IT from the beginning.** Finance needs to work with IT to get input on how to enable the new capabilities and service delivery model. IT should provide direction on the future-state enterprise data strategy and enterprise system and application architecture to ensure alignment and help guide road map development.
- ✓ **Aim high, but be realistic.** Set the vision in line with the company vision and at a realistic horizon. Many organizations think three years out—far enough that activities can be completed, while close enough that those involved can be accountable for the results. Include reasonably achievable opportunities as part of the vision and faster wins early in the road map to build buy-in.
- ✓ **Be inclusive within Finance.** Transformation affects all of Finance. The process and systems for transactions connect to how the books are closed, which connects to how management reporting is created, which must inform the tax strategy for the company, and so on. Operating as one finance team can reveal opportunities and challenges that might be missed by a less representative team.
- ✓ **Define reporting strategy early.** Understanding what information and supporting data the business needs can be critical to realizing the new capabilities enabled by ERP and digital tools.
- ✓ **Build and manage to key metrics.** Transformation requires significant investment and a business case for approval. Defining metrics that capture the transformation's value is also critical to achieving the vision. From “days to close,” to “percent paid on time,” to the number of management reports, having a measurable way of showing the impact of the transformation makes the value real early on.
- ✓ **Integrate ERP with operating model transformation.** Defining what will be delivered where and with what tools will shape decisions about the number of instances, what data to pull in, and how many variations and customizations are allowable in the future.

Your next move

Once you've defined the finance vision and road map for your ERP-enabled finance transformation journey, your next move could entail diving deep into ERP vendor selection. Explore our report, *ERP vendor selection for core financials*, to learn why functional capabilities alone can no longer drive your platform selection. And be on the lookout for other reports in our ERP strategy series on topics such as:

- Data strategy
- Reporting strategy
- Charts of accounts optimization
- Talent strategy and finance operating model design

We hope these perspectives will help you achieve your desired finance and business capabilities, setting you up for success now and into the future.

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