

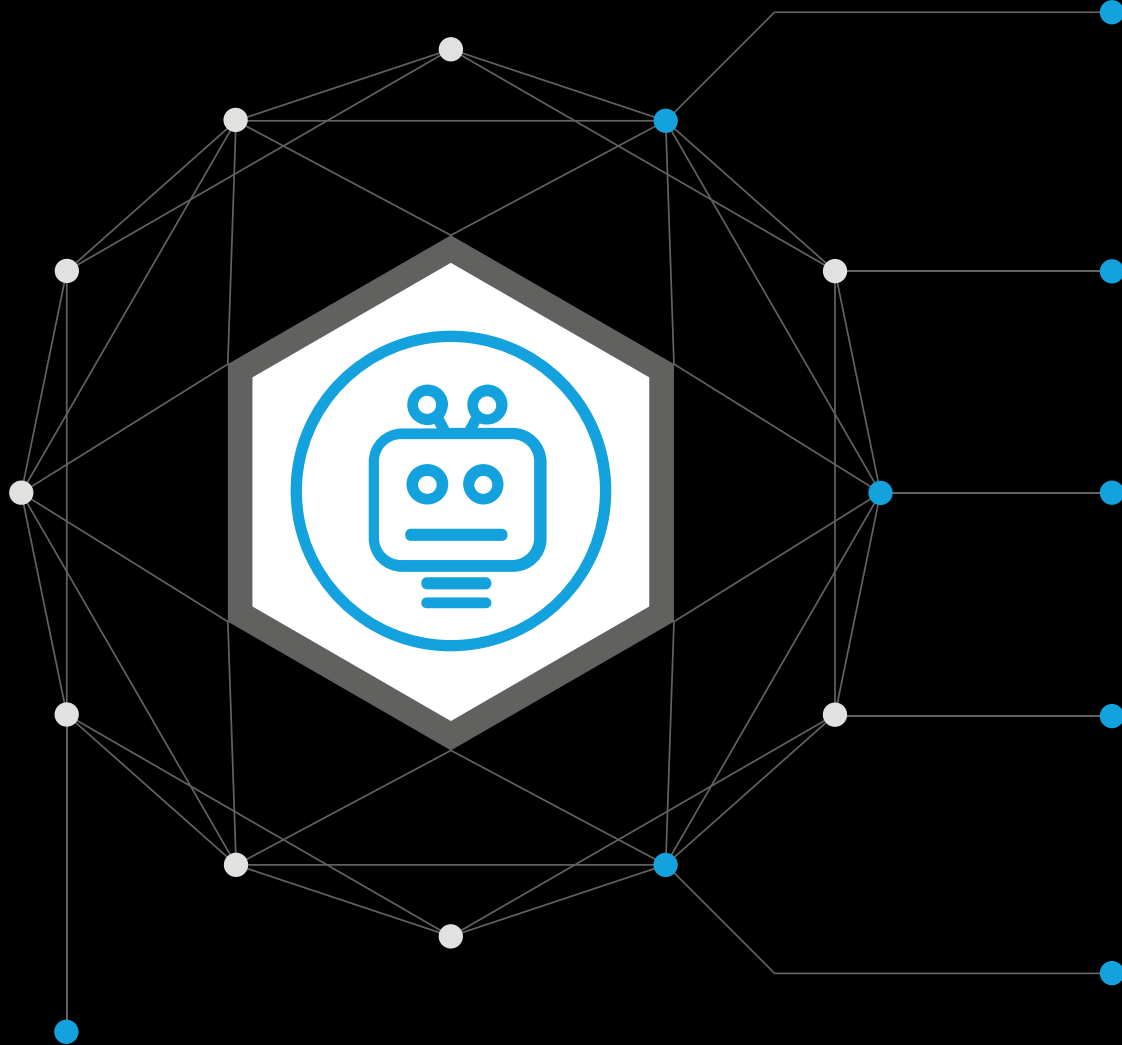
## The CFO Programme

Digital deliverables: value, people,  
efficiency and rapid response to change  
2022 Central Europe CFO Survey – supplement

This survey was conducted between October and December 2021 in 15 Central European countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Poland, Romania, Serbia, Slovakia and Slovenia, with 588 CFO respondents.

- 1. As a result of rounding, responses to the questions covered in this report may not aggregate to 100.*
- 2. Due to the limited number of responses from CFOs in Albania and from the Public Sector, we are not showing separately data concerning their results in this report.*

**Digitalization** is the use of digital technologies to change a business model and provide new revenue and value-producing opportunities; it is the process of moving to a digital business.



**44% of CFOs across the region see digital transformation as synonymous with automation.**

**33% of respondents confirm that strategy is the main reason for implementing digital transformation in their finance organisation.**

**46% of CFOs are currently implementing changes in their organisations and 19% are still in the planning phase.**

**For 41% of the CFOs time reductions are the most important benefit of the digital transformation of the Finance function.**

**30% of CFOs think that accounting will be the most affected by digital transformation followed by planning and analysis (25%), controlling (23%) and reporting (18%).**

**51% of the CFOs report that in the next six months their organisations will invest in reskilling or training their teams to align their skillsets with the need to implement new technologies.**

Today, digital transformation is much more than just a technology strategy: it is a business strategy that is fast becoming increasingly essential for long-term success. As a result, failure to take the next steps on the way to digital transformation may cause companies to become less competitive, lose market share and eventually become irrelevant.

The CFO often has a critical role to play in digital transformation, providing a bridge between technology and strategy leaders to ensure the most effective allocation of investments and capital. This does not just mean ensuring finance functions have the right levels of automation in place to manage their costs more effectively. It also means investing enterprise-wide in the key cloud, Robotic Process Automation, data analytics and Artificial Intelligence solutions that convert data into valuable information to enable the business to make decisions fast and accurately.

Transformation on this scale is complex and demanding, throwing up challenges and often enforcing the adoption of new skillsets that enable CFOs to play a more creative and strategic role in their businesses. As a result, the CFO role is shifting from its traditional base in accounting to one of strategic adviser, working for more of the time with business leaders to maintain the correct pace of transition and seize opportunities to flourish and compete effectively in a digital landscape.

This is the context within which we have published this supplement to this year's Deloitte Central Europe (CE) CFO Report. We believe that this, alongside the main report and the sister supplement on responding to climate change, presents a more complete picture than ever before of the realities and challenges facing close to 600 CFOs every day across 15 CE countries. We very much hope you find it a useful and interesting read.

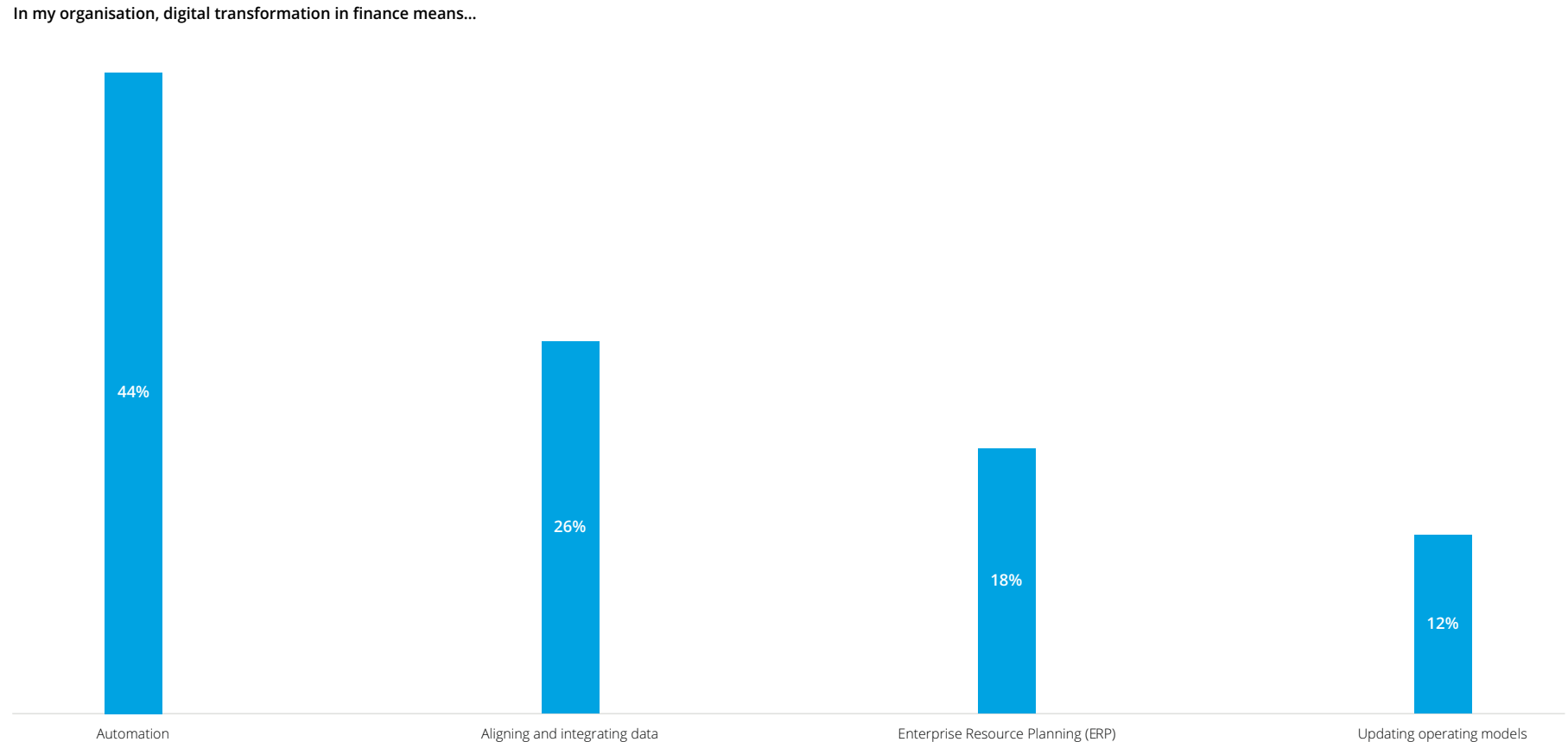
# Finance transformation: what it really means

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 the finance function as a more effective and efficient business partner.

Taking into account that automation can significantly improve managing costs, giving finance organisations the opportunity to re-evaluate how they're organised, it is no surprise to learn that 44% of CFOs across the region see digital transformation as synonymous with automation.

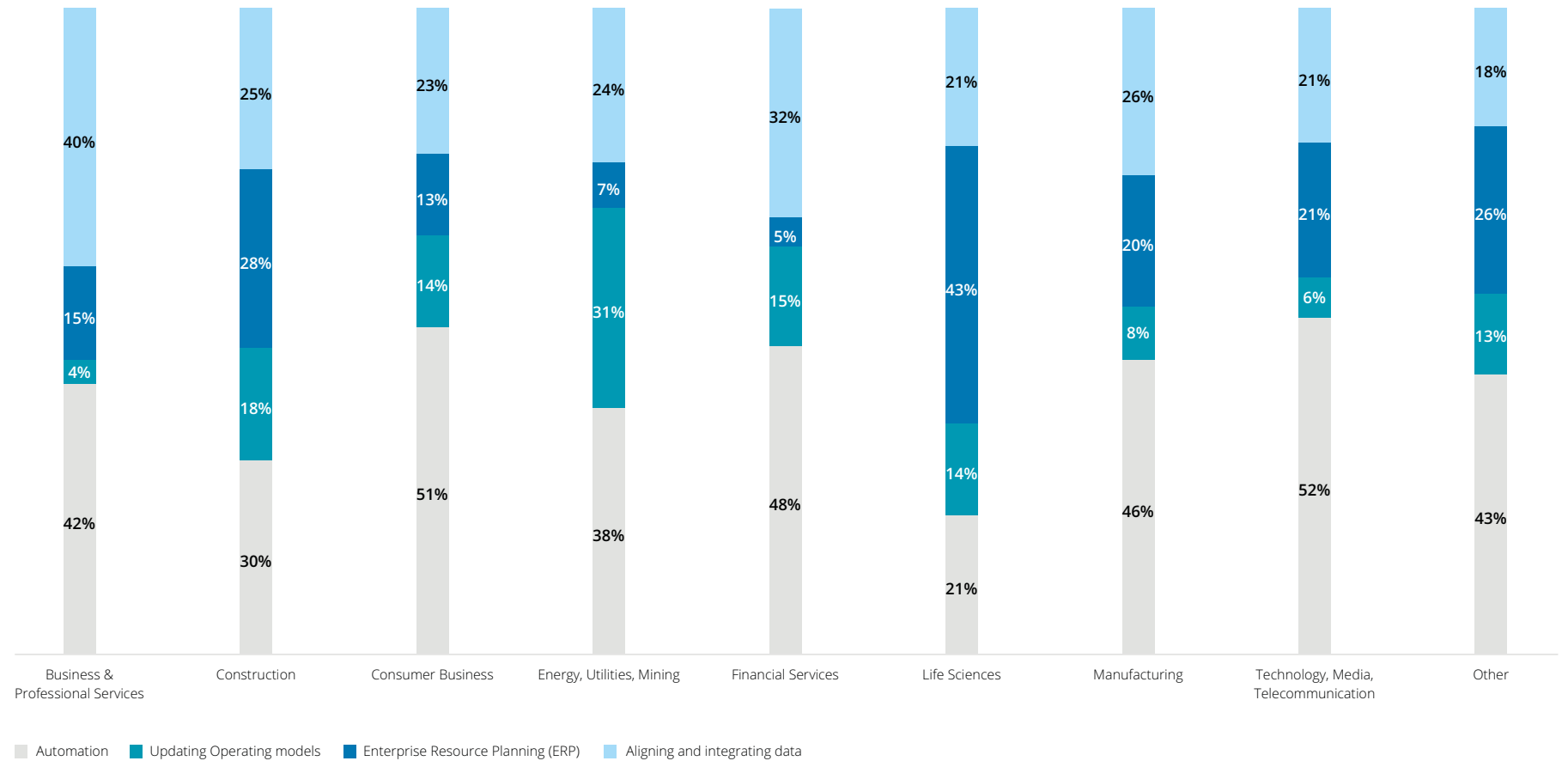
Business leaders are demanding real-time insights, making data governance more important than ever. Today, the availability of data and the access to technological infrastructure required to handle large data volumes has ceased to be a challenge for organisations. The real challenge now is how to manage data in a structured way. One in four of our respondents confirmed that data management (aligning and integrating data) is what they mean when they talk about the digital transformation of their companies.

Respectively, 12% and 18% of respondents chose updating their operating models and ERP systems as the key elements of the digital transformation process.



CFOs representing all industries except Life Sciences confirm that automation is the key aspect of digital transformation underway in their organisations. Those from Business & Professional Services place aligning and integrating data almost as highly. For those in Life Sciences, digital transformation is mainly associated with ERP procedures and infrastructure.

In my organisation, digital transformation in finance means...



## In my organisation, digital transformation in finance means...

2022	Automation	Updating Operating models	Enterprise Resource Planning (ERP)	Aligning and integrating data
Bosnia and Herzegovina	39%	17%	17%	28%
Bulgaria	28%	0%	22%	50%
Croatia	57%	14%	11%	18%
Czech Republic	35%	11%	26%	27%
Estonia	78%	0%	11%	11%
Hungary	36%	21%	25%	18%
Kosovo	71%	0%	14%	14%
Latvia	53%	7%	16%	25%
Lithuania	39%	28%	17%	17%
Poland	45%	12%	11%	32%
Romania	45%	14%	22%	18%
Serbia	50%	0%	7%	43%
Slovakia	33%	6%	22%	39%
Slovenia	53%	18%	13%	18%

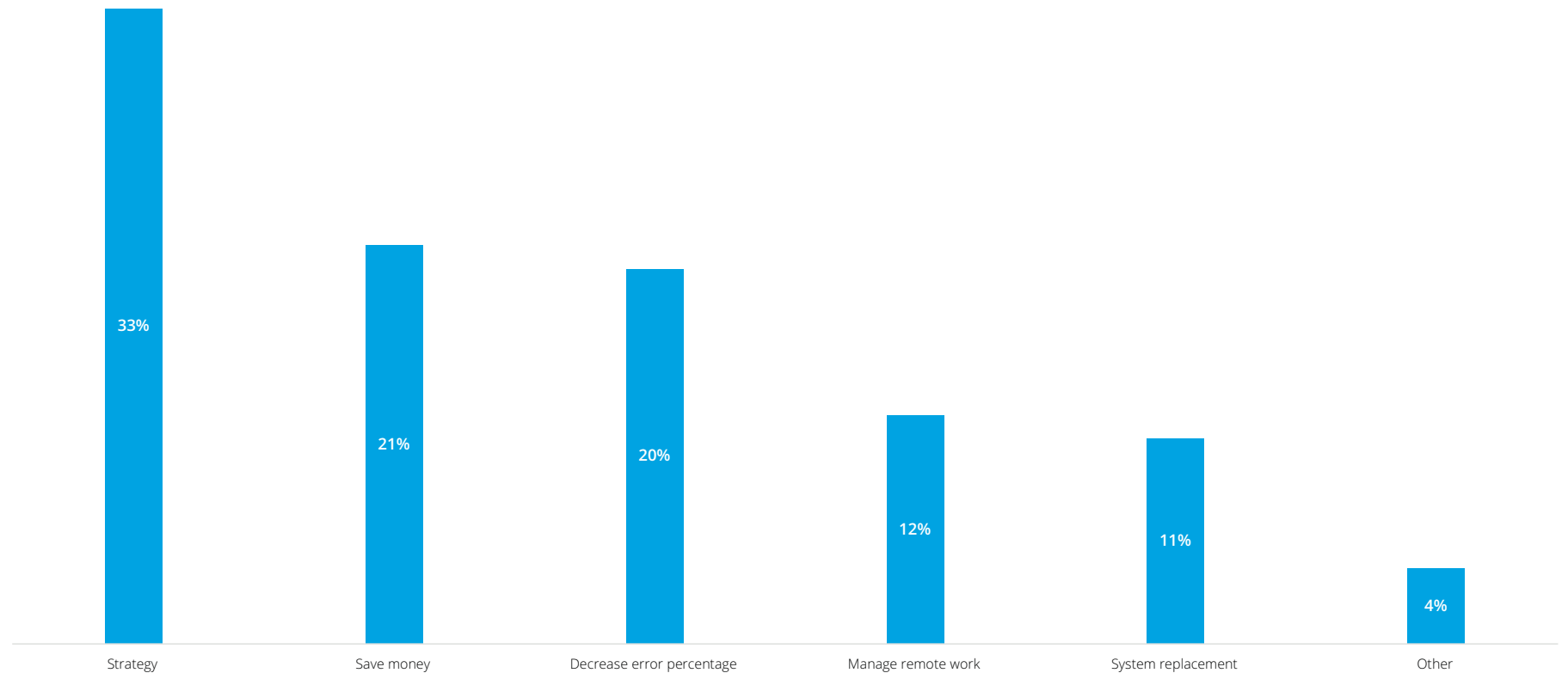


# Transforming the finance function: the reasons why

Because digital transformation is critical to long-term business success, it is becoming a fundamental part of business strategy as opposed to a technology strategy. Some of the benefits of the digital transformation of finance include saving costs, reducing errors, improved workforce allocation, improved transparency and enhancing the efficiency and accuracy of standard accounting processes.

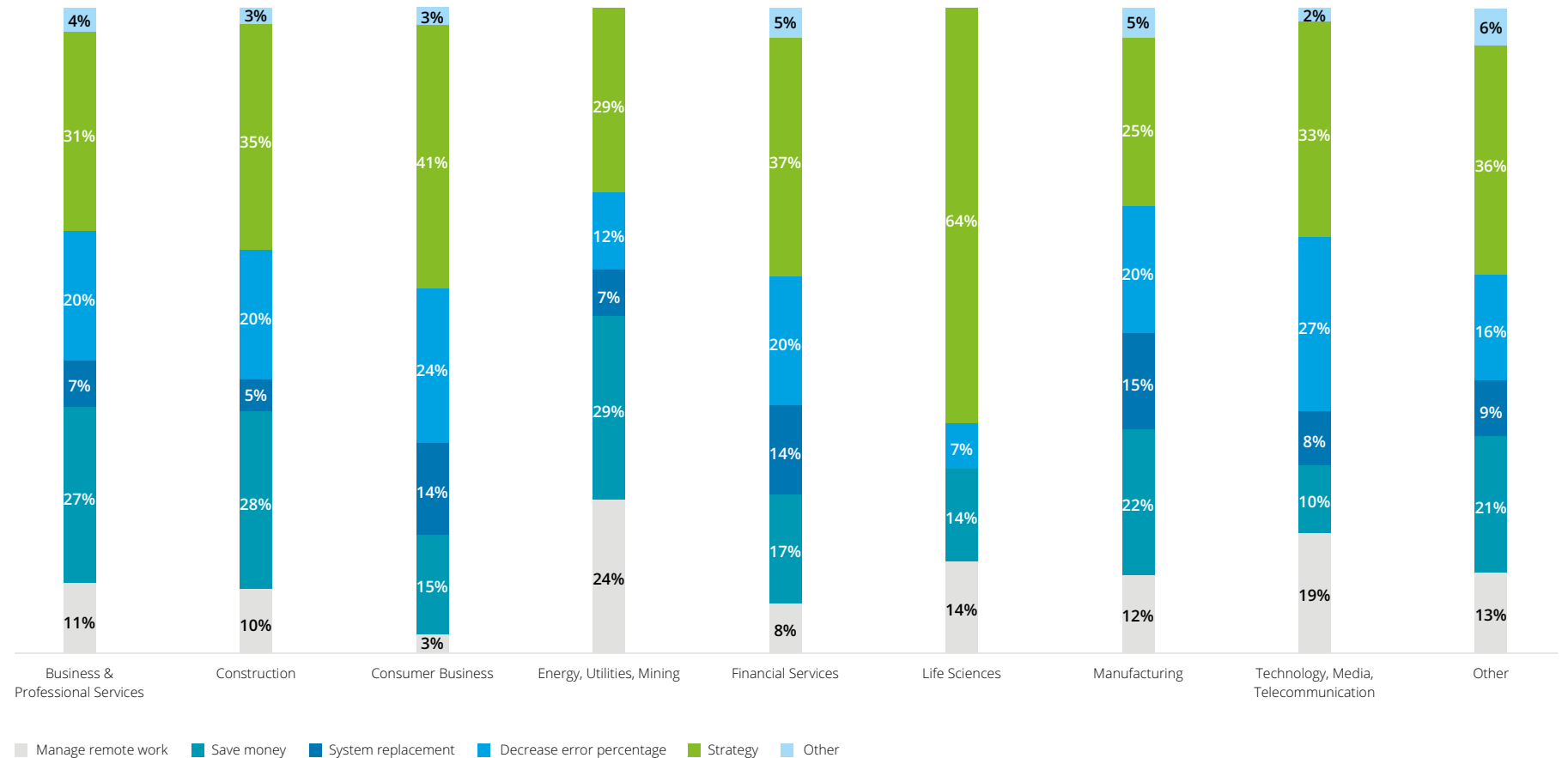
A third of respondents confirmed that strategy is the main reason for implementing digital transformation in their finance organisation. Saving money (21%) and decreasing the percentage of errors (20%) are seen as moderately important, while system replacement and managing a remote workforce are decisive factors for 11% and 12% of CFOs respectively.

What is the reason for implementing Digital Transformation in the finance function at your organisation?



According to our industry-level findings, strategy is the major driver of digital transformation for CFOs. It is particularly important for companies in the Life Sciences sector, with 64% of respondents stating it is the main reason why they are or will be implementing digital transformation. Cutting costs is important for approximately 30% of CFOs in the Business and Professional Services and the Energy, Utilities and Mining sectors. One in four (24%) of CFOs from this sector also stated that transformation will underpin their ability to manage remote work.

What is the reason for implementing Digital Transformation in the finance function at your organisation?



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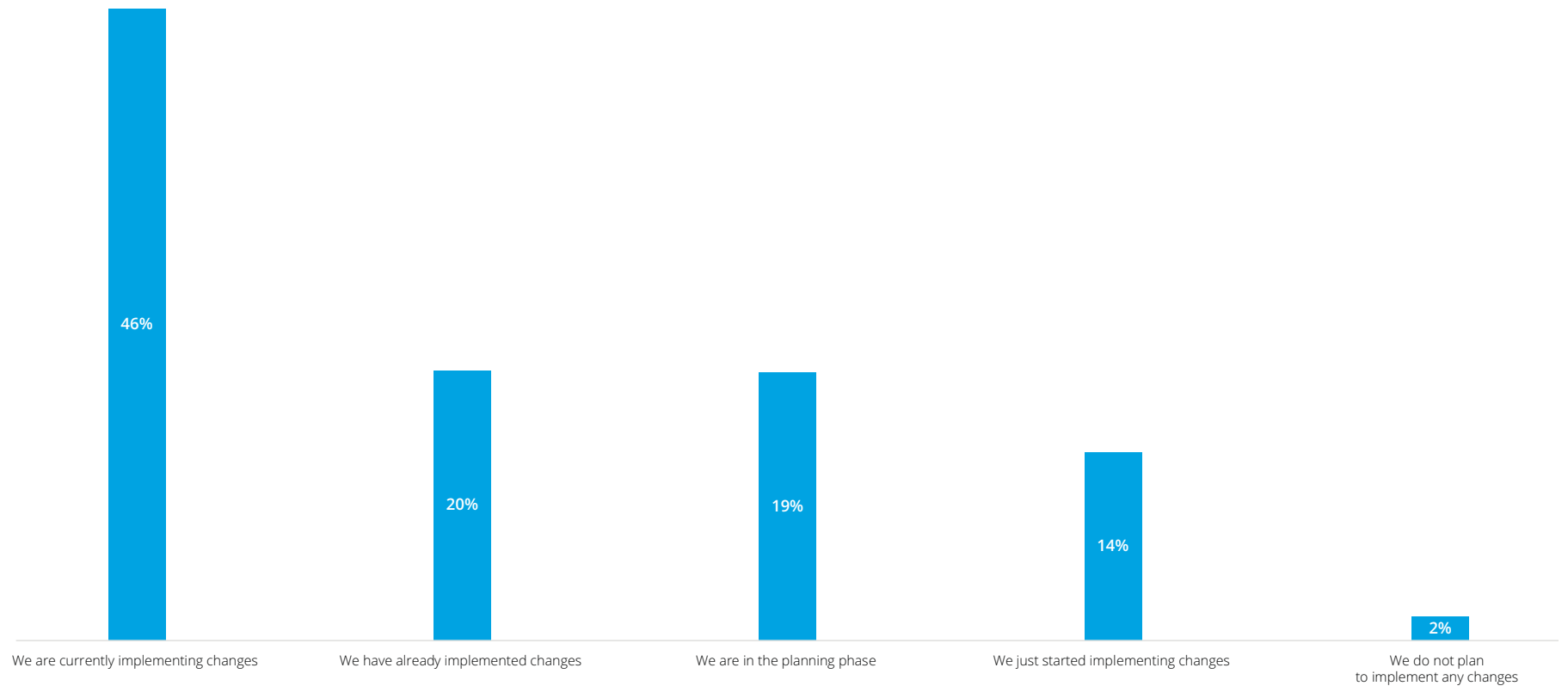
2022	Manage remote work	Save money	System replacement	Decrease error percentage	Strategy	Other
Bosnia and Herzegovina	11%	17%	0%	17%	50%	6%
Bulgaria	6%	11%	28%	22%	33%	0%
Croatia	4%	25%	7%	18%	43%	4%
Czech Republic	13%	25%	12%	12%	32%	4%
Estonia	0%	33%	0%	33%	33%	0%
Hungary	7%	18%	11%	25%	39%	0%
Kosovo	0%	14%	29%	14%	29%	14%
Latvia	19%	19%	9%	14%	35%	4%
Lithuania	0%	33%	22%	6%	33%	6%
Poland	14%	19%	11%	30%	21%	4%
Romania	13%	13%	6%	23%	42%	2%
Serbia	14%	14%	21%	29%	14%	7%
Slovakia	22%	22%	17%	6%	22%	11%
Slovenia	5%	33%	5%	15%	38%	5%

# A bright outlook for progressive change

Digital transformation doesn't happen overnight. A successful transformation requires organisational focus, a skilled workforce and a long-term commitment to implementation. Our survey shows that many CFOs are currently still in the early stages of digitalisation, but the outlook is fairly bright.

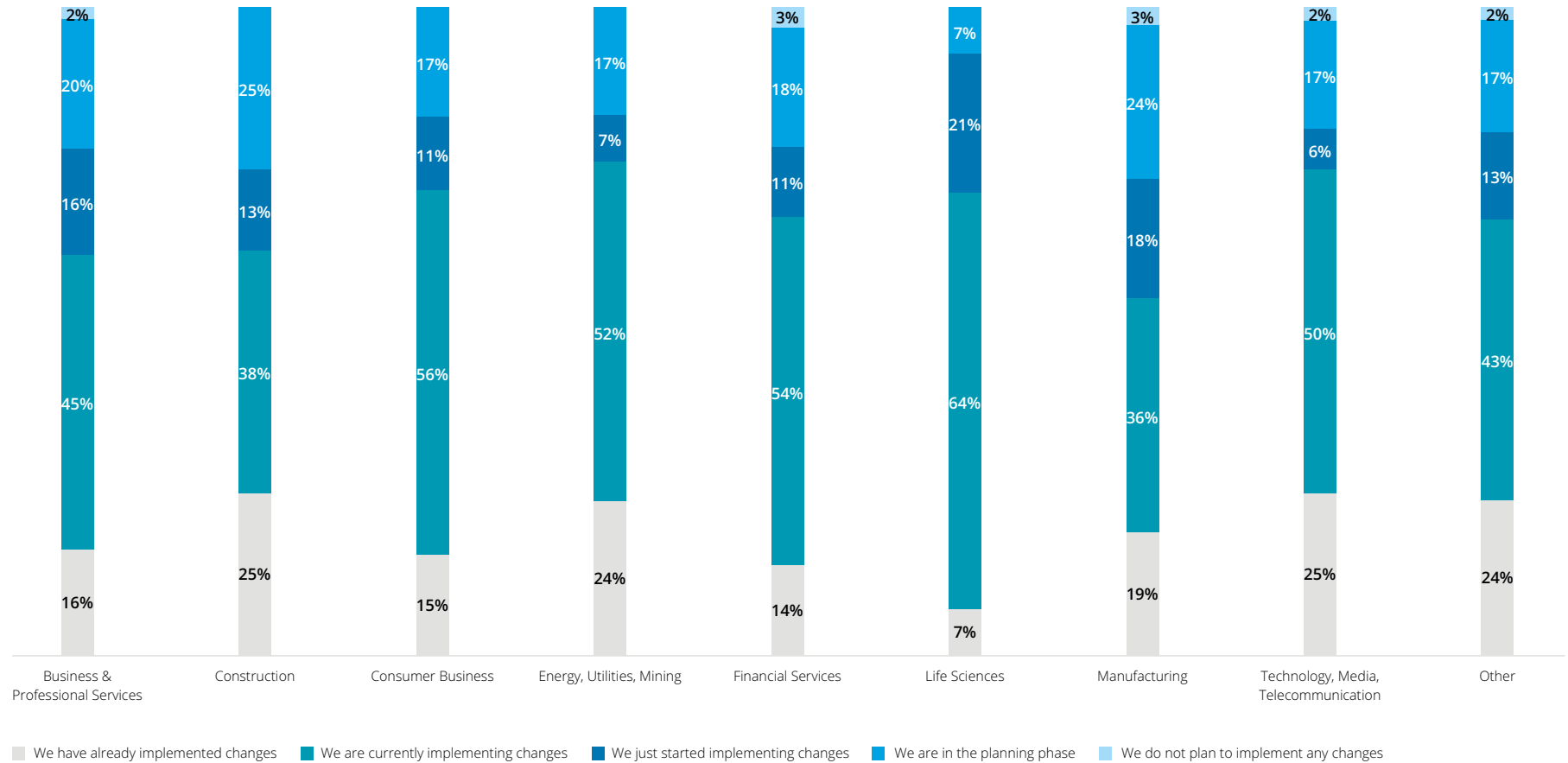
The survey findings reveal that while 46% of CFOs are currently implementing changes in their organisations and 19% are still in the planning phase, almost the same proportion (20%) have already implemented changes.

How far have you progressed with the digital transformation of your organisation's finance function?



A cross-industry comparison reveals that at least half of companies in half the sectors we looked at are currently implementing changes – 64% in Life Sciences, 56% in Consumer Business, 54% in Financial Services, 52% in Energy, Utilities and Mining and 50% in the TMT sector. In addition, around a quarter of respondents from the Construction, Energy, Utilities and Mining and TMT sectors tell us they have already implemented change. The same proportion in the Construction and Manufacturing sectors are still in the planning phase.

How far have you progressed with the digital transformation of your organisation's finance function?

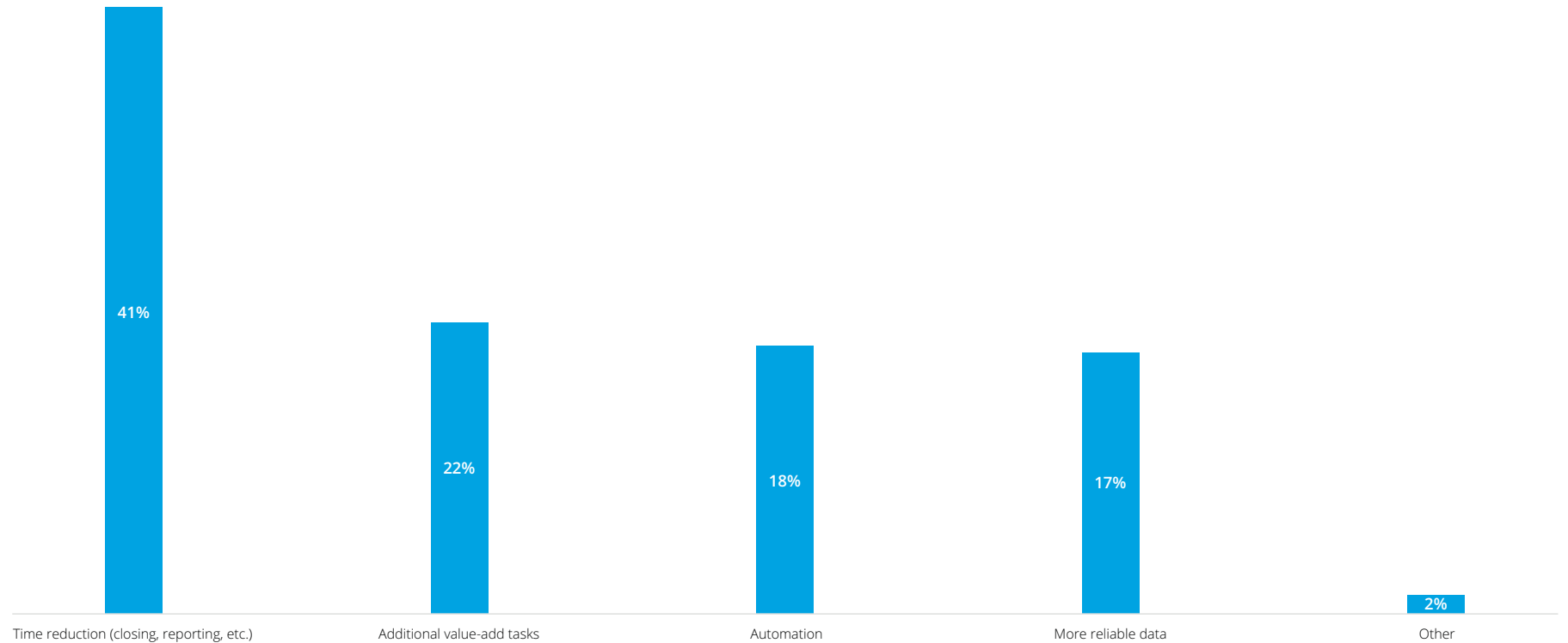


# The biggest benefits of digital transformation

In recent years, the CFO's role has been transforming from that of accountant to become a strategic advisor. Today, CFOs must continue to maintain the pace and seize the opportunities required to become a digital driver that shapes the whole organisation's digital landscape. CFOs should therefore spend less time overseeing the accounting and finance processes and more time working closely with business leaders.

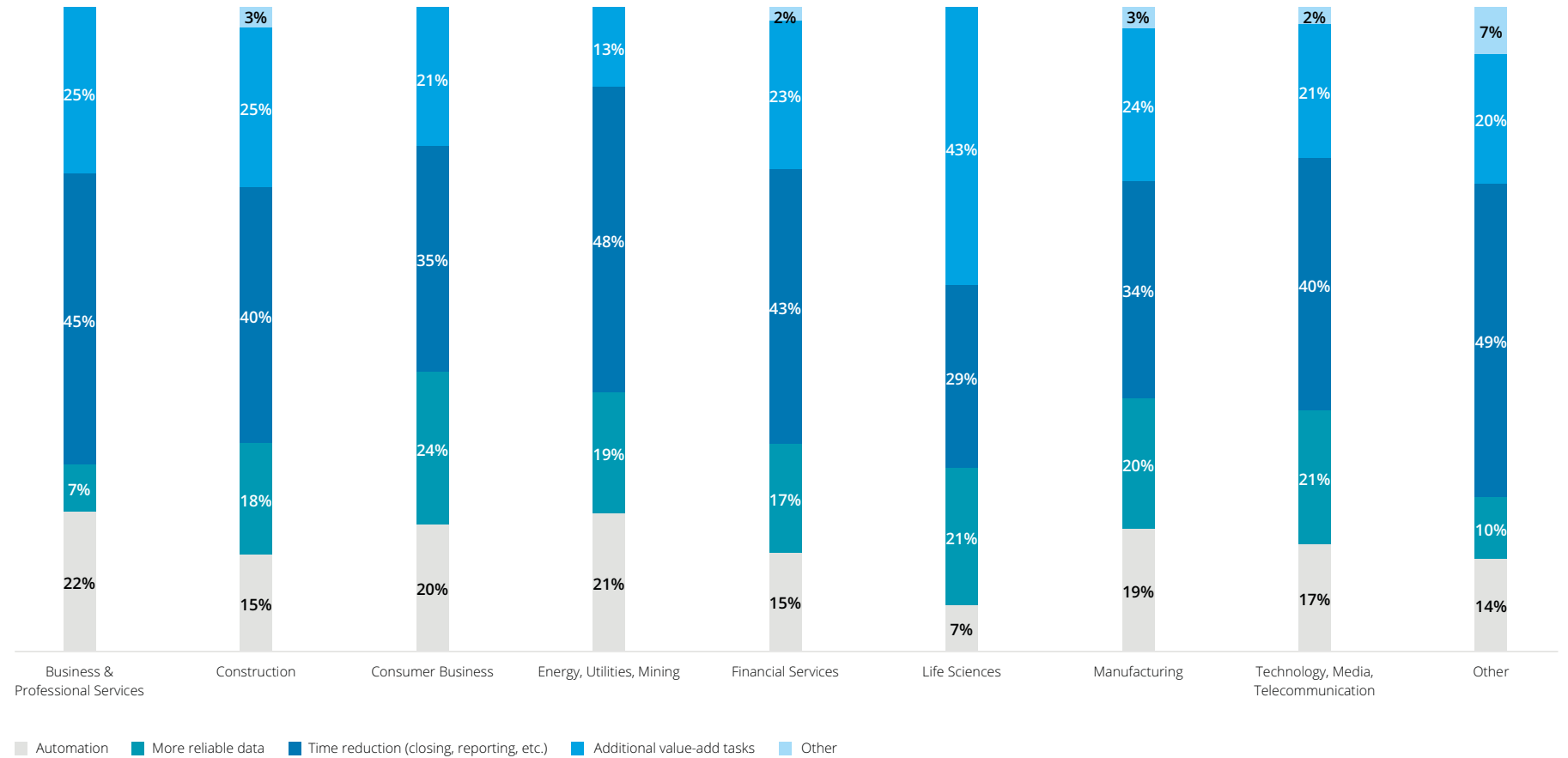
For four in ten of the CFOs we surveyed, time reductions are the most important benefit to their organisations of the digital transformation of the finance function. The potential for carrying out additional value-added tasks was key to 22%, while slightly less than 20% selected automation and access to more reliable data as the most important benefits.

What would be the most important benefit of Digital Transformation within the finance function at your organisation?



At an industry level, reduced time to carry out tasks is the main perceived benefit across all industries, except Life Sciences, with between 34% and 48% of CFOs from all other sectors confirming it's of most value to them. A quarter of Consumer Business CFOs are hoping to have access to more reliable data, while this is the first choice for just 7% of those from the Business and Professional Services sector. Automation is the least important benefit for Life Sciences CFOs, selected by only 7% of them.

What would be the most important benefit of Digital Transformation within the finance function at your organisation?



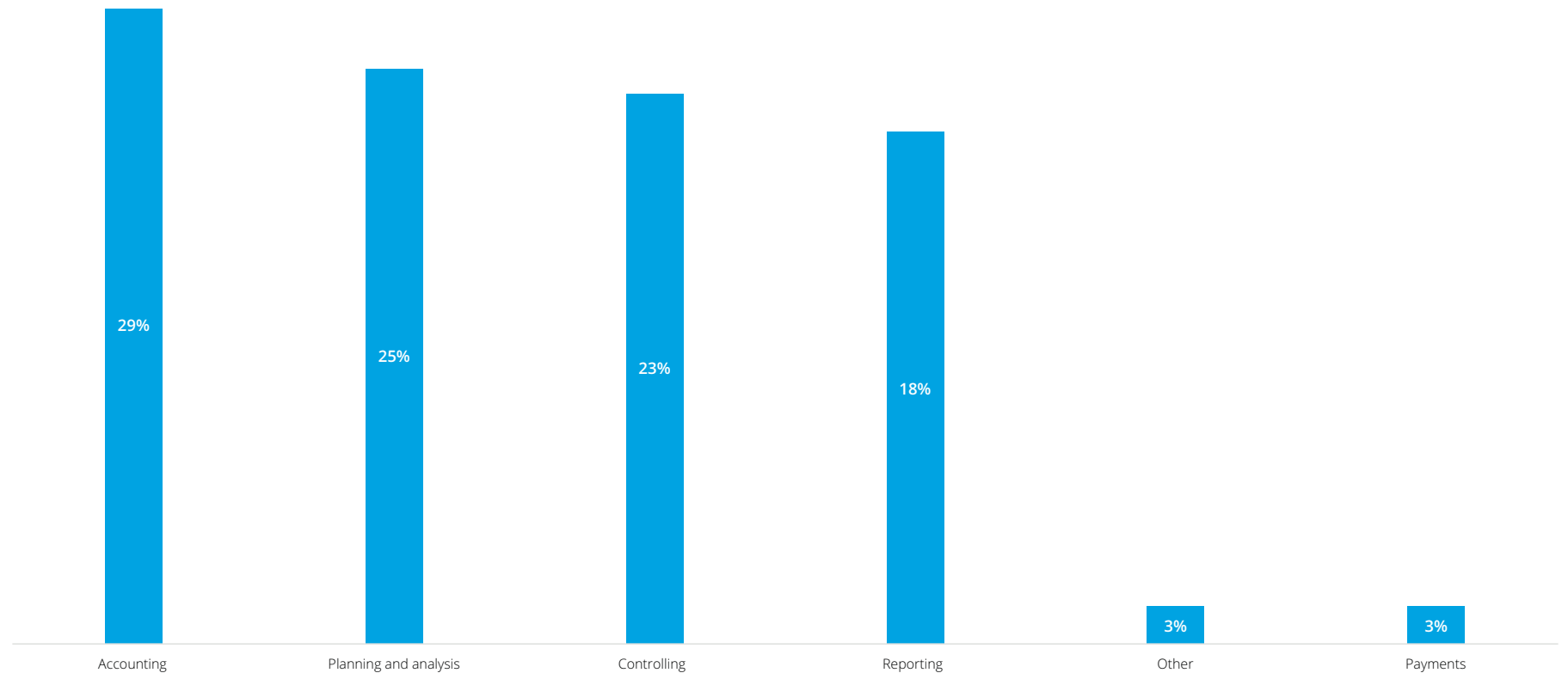
# Transformation: the key areas of impact

When asked about the areas most affected by digital transformation, 30% of CFOs place accounting at the top of the list, followed by planning and analysis (25%), controlling (23%) and reporting (18%).

The accounting area has moved far beyond mere book-keeping and payroll for forward-thinking businesses, and is taking on an increasingly strategic role. While many believe that accounting has a gloomy future in the digital world, technologies such as cloud-based data management, process automation and advanced analytics will in fact empower accounting processes.

CFOs need financial models that inform business. Having the right planning and analytics solution is key to a company's financial wellbeing. Digital transformation in financial planning & analytics means adopting strategies that are focused on process automation, agility and metric-based insights. Using advanced planning solutions, employees will spend less time on manual tasks and more time on analysis, enabling them to gain deep insights.

Which of the following areas will be the most affected by your digital transformation activities?



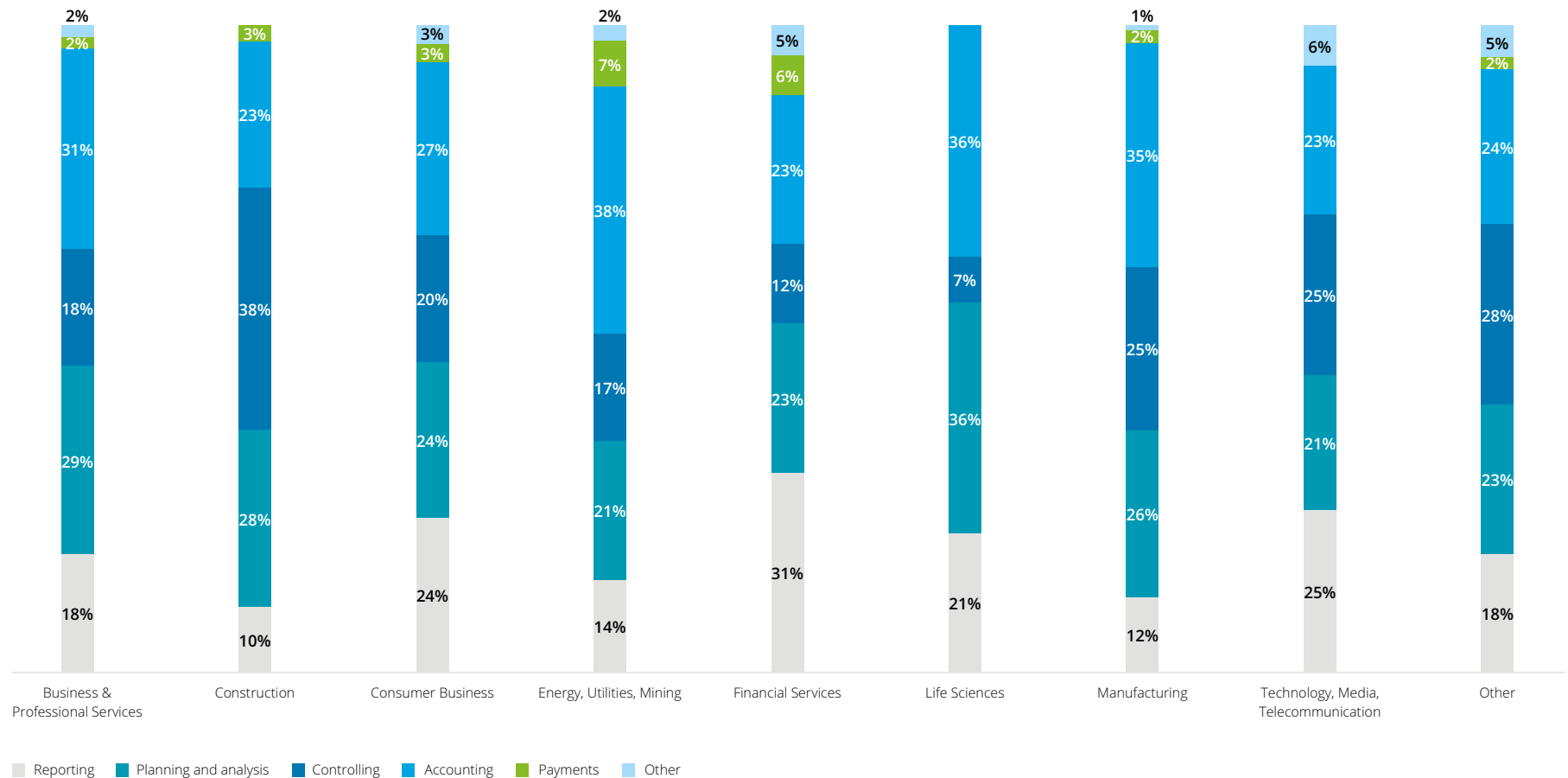


Digital transformation is evolving financial control from pure data collection to internal consulting, with a focus on change management. Controllers are now becoming strategic business partners, as appropriate business insights are necessary to actively support critical business decisions.

Relevant and reliable data from a trustworthy database should be the foundation of every decision. The quality of financial reporting affects both the usefulness of accounting information and the effectiveness of strategic decisions. In turn, the usefulness of accounting information has a significant effect on strategic decisions

A cross-industry analysis reveals that accounting is the area that will be most affected by the transformation: more than 30% of respondents from the following sectors share this viewpoint: Energy, Utilities, Mining; Life Sciences; Manufacturing; and Business and Professional Services. A third of Financial Services CFOs (more than in any other sector) think that reporting will be most affected. Those from the Life Sciences sector select planning and analysis (36%), while those from the Construction industry highlight financial control (38%).

Which of the following areas will be the most affected by your digital transformation activities?

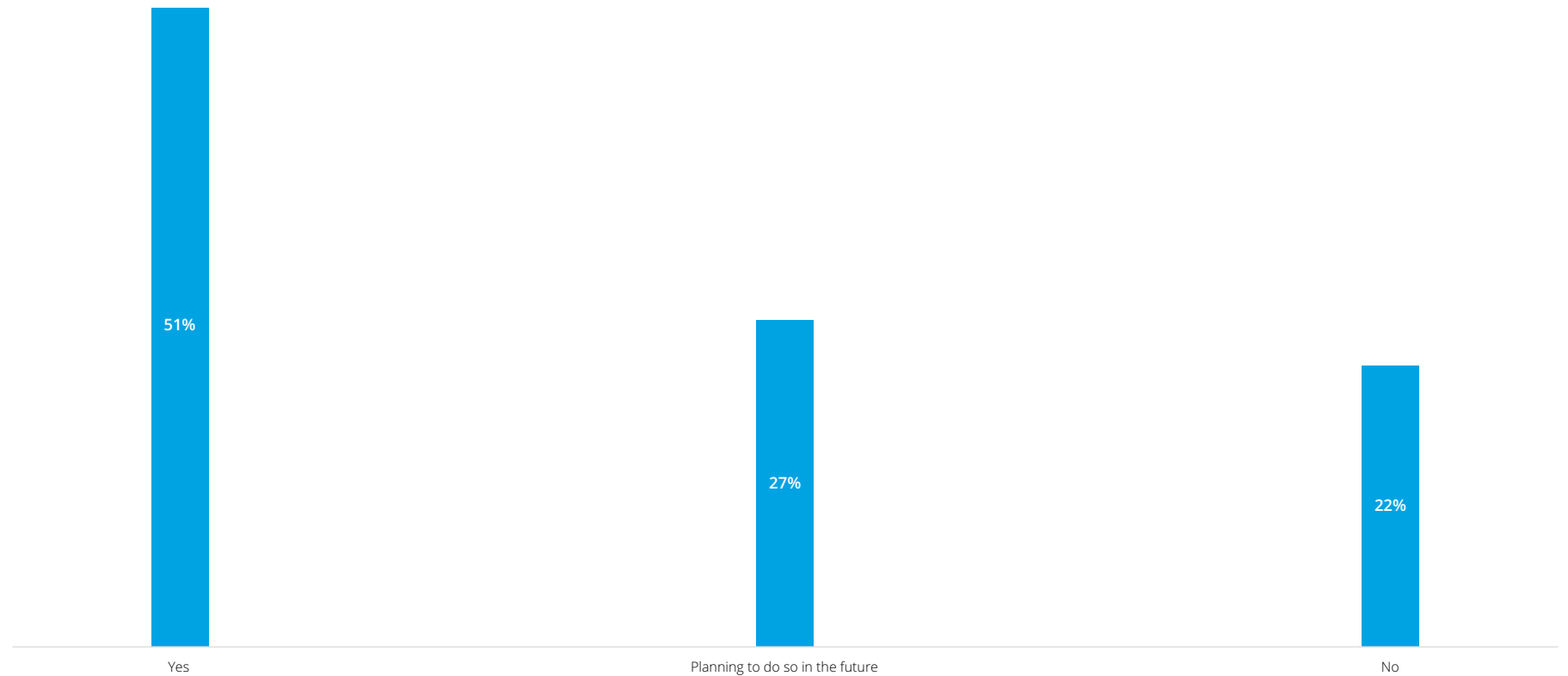


# Responding to change in the organisation's talent model

Technology delivers the promise of new capabilities, requiring finance teams to upskill as the automation of finance processes changes jobs across the finance function. This requires a shift in the organisational culture as well as in regular and substantial reskilling. Finance talent models are evolving quickly, with a growing premium placed on data scientists and business analysts. This represents a dramatic shift for many finance organisations. Implementing new technologies is relatively easy compared to changing the talent model. While there are clear connections, cultural and organisational shifts relating to the workforce may take much more time and care to get right.

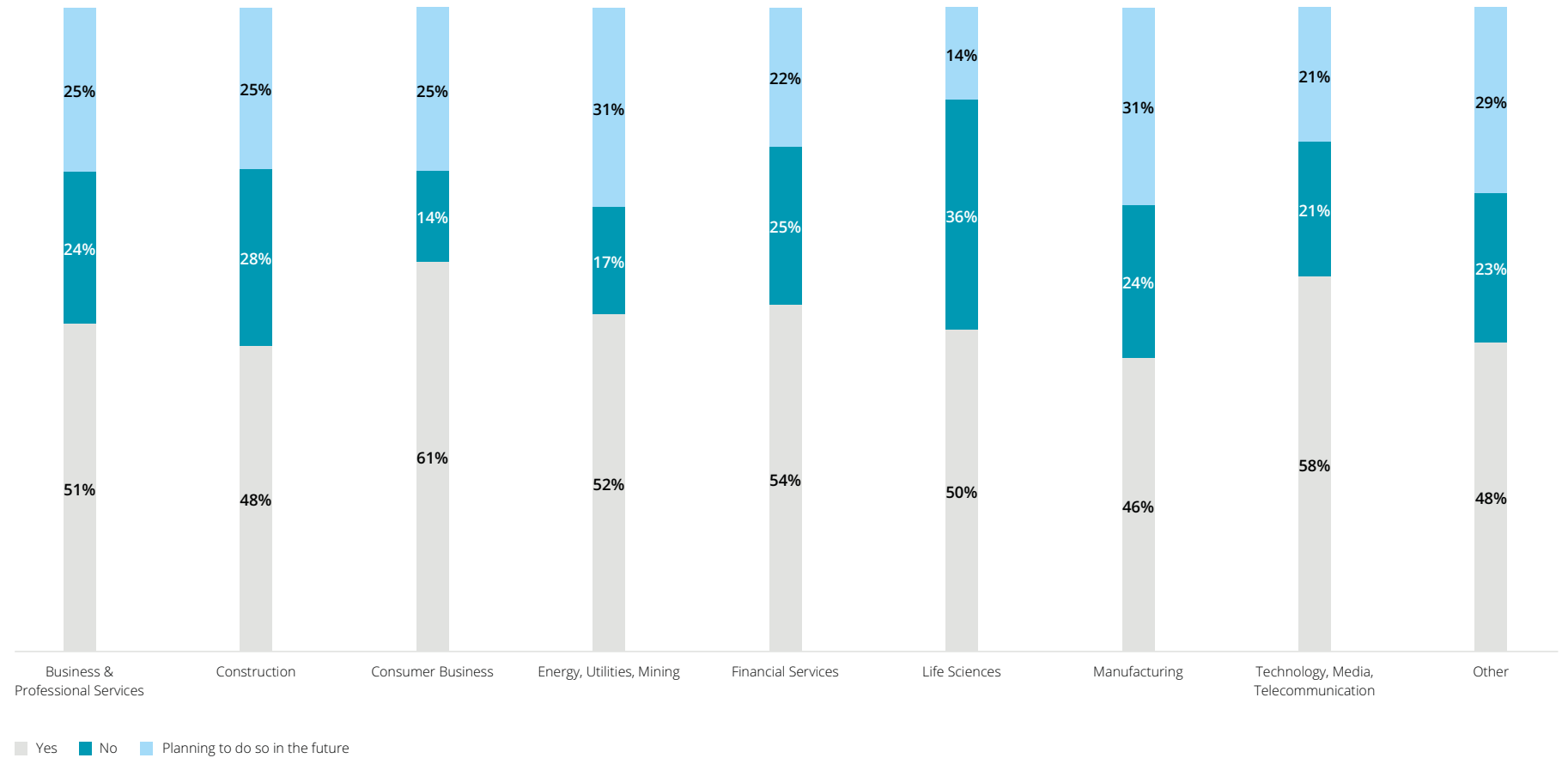
Around half (51%) of the CFOs we surveyed reported that in the next six months their organisations will invest in reskilling or training their teams to align their skillsets with the need to implement new technologies. However, as many as 22% have no plans to do so.

Will your organisation invest in reskilling or training your teams over the next six months as you implement new technologies?



Between 22% and 31% of CFOs from all sectors, with the one exception of Life Sciences at 14%, said that they are planning to invest in reskilling or training their staff to be prepared for the digital transformation and its consequences. Close to two-thirds of respondents in the Consumer Business sector have plans to train their employees.

Will your organisation invest in reskilling or training your teams over the next six months as you implement new technologies?



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