



From crisis point to future-proof:

**How some of Australia's leading blue-chip
brands transformed their finance function**

Introduction

There may be no position under more pressure in organisations right now than the CFO or finance function as a whole. As the importance of data rises, as competition gets increasingly fierce, as technology progresses, and as workplaces modernise, the CFO is in a key position to shepherd change.

“

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Guy Jones – Worldwide Technical Sales Leader,
Data Science & Business Analytics – IBM

How can CFOs help support this modernisation and alter their role to accommodate change? Guy Jones, Worldwide Technical Sales Leader, Data Science & Business Analytics at IBM puts it clearly, *“The finance function needs to be a true partner to the business, to step away from just number crunching.”*

Mo Treadway, Global Head of Financial Management Advisory, KPMG, concurs in this [KPMG article](#), saying CFOs cannot play it safe, they must be one step ahead in enterprise thinking.

The majority of CFOs have seen the writing on the wall, with an estimated 72% of organisations intending to modernise their finance function by centralising analytics by 2020, according to Gartner research.

But finance function modernisation is not a one-size-fits-all endeavour. So how can CFOs lead a positive transition? What needs to be in place for the leadership team and staff to get on board?

Guy Jones notes, *“You need a roadmap to get there. You need to automate existing processes and then extend the value beyond that to incorporate best practices such as rolling forecasts, driver based planning and smart data analysis.”*

This report outlines the key steps and learnings from a number of Bistech’s key blue-chip customers who are on the transformational journey and are making the shift successfully.

A shared learning between the customers interviewed was the importance of choosing the right technology partner to aid their

transformation. Guy Jones says, *“Choosing the right partner and platform is so important to support your transformation. CFO’s need to look at what they need today to solve the immediate issues – and also be forward looking to ensure the technology can support their long-term growth and vision,”* says Jones.

And when it comes to partner choice, it’s crucial that the implementation team has industry expertise and understands the challenges inherently:

“CFO’s need to know how to interpret results, how to leverage statistical data, it’s a whole different mindset to number crunching. This is a whole new world, AI, statistics, predictive, how to do proper analysis and how to leverage your data in more interesting ways. It’s a different skillset and your technology partner needs to support that.”

Finally, says Jones, engaging your people in the process, getting their input, support and buy-in is absolutely crucial:

“If multiple stakeholders contribute to the process and are responsible for the data, everyone feels more confident with the final numbers. This in turn means when the company makes decisions (based on that data), people are more informed and onboard with any changes - making it easier to implement”.

Read on to get a comprehensive picture of how this transformation can be brought about in a way that sets up CFOs, finance teams and businesses for success – now and in the future.

The changing face of the finance function

It's always been the task of CFOs to act as a conduit between various business divisions and the financial and strategic goals of an organisation. This role is now evolving into one where the CFO is also leading the charge in understanding what modernisation means for the finance function and how to best implement the process.

"When I first joined the company, everything was being done out of spreadsheets," says Duncan McInerney, Business Intelligence & Analytics Manager for Finance at Auto & General. "There was no unification. Different business units did their own thing, building reports to suit their requirements. If we wanted reliable, group level information about how many policies we had across the brands for example, there was no easy way to do it."

We would run queries in spreadsheets but it was archaic, inefficient and error prone."

This is a familiar story. For most of the organisations interviewed, a solution was sought when there was an outgrowing of existing systems and processes as the company scaled – and where the deficiencies of 'how things have always been done' started to become apparent.

Greg Affleck, Group Financial Controller, Corporate at ALS Limited (ALS), a global commercial laboratory services organisation, describes the moment of change as, *"A perfect storm. Off the back of a decision to grow via targeted acquisitions, the company then needed the systems to support this. As the organisation grew, and more subsidiaries came on board, there was no way we could continue to operate using a spreadsheet approach."*



The RISE of financial planning as a crucial element

Ian Mitchell, Regional Head of Planning and Controlling - Asia Pacific at Allianz Worldwide Partners, talks about the fundamental shift that a top down change in their finance system triggered: *"It had no reporting capability. We are the innovation hub of Asia Pacific so we set out to find a solution that would enable us to better meet the increasing complexity of the business."*

The increasing complexity included a deeper and more integrated role that finance teams are now expected to play, and in many cases, want to play, knowing that they have expertise that other business divisions can benefit from.

"In addition to the reporting," said Mitchell, "members of my team will sit with the business owner and help build or sanity check their business cases. We have to make sure there is no 'double dipping' between business cases claiming various impacts. With over 800 people in our organisation, there are a lot of good ideas but we need to make sure that we focus and invest in the best of those ideas."

For one of Bistech's multi-national customers, a key objective in modernising their finance function was to provide project managers and other stakeholders with better visibility around cost structures and timelines of different projects. As the business, and therefore the finance team, is very project based, everything tied back to a project. They were using another system for project planning, but it was ageing and slow and not coping with the scale and complexity their organisation was experiencing.



With greater visibility and tighter control of our financial data, we can make better decisions and react to market conditions more effectively – helping us keep ahead of our competition.”

Duncan McInerney – Analytics Manager - AUTO & GENERAL

Finance playing an increasingly strategic role

Another common thread that became quickly apparent was that of strategic inputs. CFOs and finance teams are now expected to be able to provide insights based on speculative scenarios in addition to more ‘standard’ financial planning.

For many this is an exciting and challenging development, but there is a need to consider whether or not the current systems and processes in place can support this level of change.

Duncan McInerney from Auto & General put it this way:

“Finance has historically focused on P+L type scenarios, not correlating financial and operational data. But the future is all about a partnership approach, two sets of data operating within each other – in our case insurance and financial data. The role of finance is becoming that of a business partner, helping the operational teams to tell their story.”

Ian Mitchell from Allianz Worldwide Partners agrees: *“We are involved in more and more business decisions all the time, adding the crucial component of commercial imperative and understanding to the conversation. We are spending more time as a business partner,”* he said, adding that: *“it is invaluable to find and support the good ideas but also to challenge the slightly more lacking ones – so we are not wasting time and resources.”*

The fine art of future-proofing organisations

As attributed to the Greek philosopher Heraclitus, the only certainty in life is change. This seems to be truer than ever in the fast-paced world we are now living in where technology, markets and consumer behaviour are constantly evolving.

CFOs play a key role in the difficult task of future-proofing. Doing this effectively comes down to how clearly you can see where you are, how clearly you can see the environment you are working in and therefore how quickly you can respond to change.

In this informative [case study](#), Greg Affleck from ALS summarised how modernising their finance function has contributed to a more confident approach in regards to what the future might bring, *“With greater visibility and tighter control of our financial data, we can make better decisions and react to market conditions more effectively – helping us keep ahead of our competition.”*

Tipping point

– when you can't forestall change any longer

Tipping points for change come in many forms but they are usually linked to when an outdated way of doing things becomes unsustainable. As the CFO you may see the writing on the wall ahead of some others in the organisation. But knowing when to act is not always easy given there are so many parties involved, all with different opinions and agendas.

It can be useful to see what the tipping points have been for other organisations who have transitioned their finance function, as a gauge, or litmus test as to where things are at in your organisation and how much longer the strain can be sustained – or not.



Essential tasks and processes taking too long

Ian Mitchell, Regional Head of Planning and Controlling - Asia Pacific, Allianz Worldwide Partners, details how the tipping point came about for them:

"We had a previous product, a consolidation tool that we used for the Australian business unit. Finance would reach out to the different business units (e.g. health, travel, auto insurance) to find out who their top 15 partners were, including revenue for the past year and projected revenue for the upcoming year. Those initial inputs were then taken to the HR team for assessment: if we are going to grow revenue by 20% what will be the impact in terms of resourcing?"

The issue was, all of this information was provided in flat files. If you updated one you had to then manually update all of the others. They were not linked or consolidated. Every time you changed something you had to check other files and assumptions. It was simply untenable.

We knew we needed a solution that would help us move as many lines within the P+L automatically in line with the changing variables."

Growth outstripping capability

At ALS, rapid growth and complexity of structure was the catalyst for change. The company employs 13,000 people across 6 continents and 50 countries. The number of businesses they operate is around 140 entities, with cost centres numbering the thousands and transacting in at least 40 different currencies.

Greg Affleck, Group Financial Controller, Corporate, ALS notes:

"One of the difficulties we were facing as a business was that due to our rapid growth we had to constantly restructure, and also communicate change effectively to our stakeholders. With the old finance system we had in place, updating the reporting every time we made a change or restructure was problematic. If we made a change in one area, we had to update it manually elsewhere. We needed a solution that would automate processes so that when the changes and restructures happen, we could apply changes across the board swiftly, simply and effectively – literally at the push of a button."

ALS attempted to build a bespoke solution but discovered this didn't meet their complex needs either. One of the key issues with this approach was the ongoing maintenance and the cost and effort that this involved. ALS found themselves forever in a development cycle and needed a system that was more robust and didn't require constant code tweaks whenever there was a change in their business structure.



Whatever solution we put in place had to be dynamic and flexible.”

Duncan McInerney - Analytics Manager - AUTO & GENERAL

Mistakes, errors and inaccuracies

There is a lot of talk now about attaining a ‘single source of truth’ and how important this is. Many organisations we work with have stories about multiple data points, inaccurate data, slow data and conflicting data – enough to make you shudder when you try to imagine consolidating it all.

This takes on extra significance for CFOs when questions are being asked by the Board or executive team that cannot be answered.

Business Intelligence and Analytics Manager at Auto & General, Duncan McInerney commented:

“The MD’s challenge was that every number was different. Everyone had different reports and different views of things. He needed to be able to trust his numbers but as it stood he couldn’t get a single version of the truth. The same things were called by different names and it was impossible to know which number to believe. He needed this to change.”

Confusion and inaccuracy of data is one thing. In other cases, it is literally system failure that leads to a tipping point. A key insight gleaned from one of Bistech’s large multi-national customer deployments was:

“Our client was trying to increase efficiency and make end of month forecasts more reliable. But it was also about failures in the system. If they had an EOM crash, their tool just fell over. The system was shutting down three times a day, locking everyone out and causing huge impacts on productivity. Also, the data that was coming out of it was volatile. The company couldn’t get a good handle on their cash position, their business had grown to a point where they needed something far more robust.”

How do you select which path to go down?

The most important thing is to have a detailed understanding of the business problems you are trying to solve. It’s better to start from this perspective than by being too prescriptive about specific technology solutions or products.

When asked what would have happened if Allianz Worldwide Partners had not put a new solution in place, Ian Mitchell was succinct, *“We’d probably still be using Excel but it wouldn’t be close to the sophistication we have today and I wouldn’t be able to do my job.”*

Reverse engineer that response and you can see that the driving force of the decision-making process was that the solution enabled Ian and his finance team at Allianz Worldwide Partners to do their jobs. The technology must support the business, not the other way around.

A solution that can be flexible

Carrying on from the narrative around complexity and restructuring, Greg Affleck from ALS noted two key qualities he knew they needed from a new solution, *“When the business acquires new entities, this has an immediate impact on the structure – regionally and divisionally. We needed the flexibility to affect this change quickly and to produce the reporting relatively easily. Whatever solution we put in place had to be dynamic and flexible.”*



Partner choice is key

When selecting the right partner, it's crucial that they have skills and expertise in the area of Financial Performance Management (FPM) and clearly understand the finance function.

Ian Mitchell explains the process Allianz Worldwide Partners went through in selecting their FPM partner: *"We had in-house knowledge of the system we chose (IBM Planning Analytics) and went out to three or four local businesses. We knew that Bistech knew the space and provided us with a value for money service. Bistech Consultants came in, ran some workshops, worked out how we wanted to slice and dice the information. Over four to six weeks they worked with people from my team to develop the different modules then we rolled the solution out."*

Duncan McInerney from Auto & General gave this summary as to what they looked for in an FPM partner: *"We looked for a partner who would provide great support, great training and great people. There also must be a strong element of trust. An FPM partner must understand the space."*

It's a journey

All organisations need to go on this journey and it needs a roadmap. There is a thousand ways to skin a cat. But if there are two 'must-have' components to planning a successful finance function modernisation, they would be: automation and data-based planning.

Automate existing processes

The foundation for effectively changing the finance function is to automate existing processes. This is the end of the spreadsheet era. That sounds simple but in reality and execution it can be complex. It can help to think about the change in terms of a manageable transition not an instant switch.

As Duncan McInerney from Auto & General stated: *"Having an application that integrates into Excel makes the transition easier. We can still use Excel but it reads directly from our centralised server. This provides the best of both worlds, less difficult transition."*

Bistech's multi-national customer commented that streamlining processes was absolutely crucial to their motivation for change. They wanted to eliminate the software encumbrance on the user – streamlining and passing it back to the business as well – distributing the process about how they allocated the costs across the various departments.



***The new solution increased the trust
in the numbers we provided.”***

Duncan McInerney – Analytics Manager - AUTO & GENERAL

Incorporate data-based planning

You may be doing this already but doing it more often, in a more considered way, or establishing a multi-period rolling forecast is a very good way to consolidate your road map.

Ian Mitchell from Allianz Worldwide Partners noted how key this shift was:

“We moved from a legacy planning system and embraced more modern analytics technology. This meant monthly and quarterly rolling forecasts. At present we get revenue forecasts monthly and are working towards monthly expenses forecasts. The entire P+L is on a quarterly basis.

Now the Asia Pacific CFO can cut and slice his data as much as he wants, and everything is automatically updated. Australia is on this new system and other countries in the region are also moving across to it.

We now have a standard reporting pack that gets emailed out on day five of the new month.”

The future of predictive analytics

It is worth mentioning Predictive Analytics (AI and Machine Learning) here as part of the evolution that is likely to be more common in the future. For now, there are a handful of early-adopters leading the way in their use of predictive analytics technology and who are already reaping the rewards. The possibilities are exciting and definitely worth keeping abreast of.

Seeing outcomes and benefits of your new solution

Given the complexity of planning and implementing a finance function modernisation, it's good to know that tangible benefits start to show pretty quickly and across several areas of output.

Getting better data

A more trusted data foundation provides a fundamental bedrock for a raft of business benefits including greater accuracy of data, being able to get deeper into data and having access to more real time data.

“The new solution increased the trust in the numbers we provided,” says Duncan McInerney from Auto & General. “Because the company still gets a lot of numbers for different parts of the business, if it comes out of our system they know they can trust it.”

Better data also leads to better planning as this quote from Greg Affleck in the ALS case study demonstrates: *“In a second phase, Bistech created a tool for the HR group, which uses the Contributor interface to collect data on employees from sites around the world on a monthly basis. This assists both HR and operational managers to keep track of headcount and allocate labour resources more effectively.”*



More visibility and more powerful reporting

"We enabled self-service, so my team could concentrate on areas where we can add value," said Ian Mitchell of Allianz Worldwide Partners, underlining the benefits of increased visibility across many aspects of the business, "We granted access to different cost centre managers. They can see their annual budget, they can change and update the information and it just flows to the rest of the figures."

Visibility also leads to improved trouble-shooting, as Ian Mitchell reflects:

"We're better at spotting problems, for example if someone has accidentally forgotten to put in a revenue number across a product – we can see, they sold it last year and we can ask them 'Are you not planning to sell it this year?' Or: 'This product was highly profitable last year, why are you expecting a reduced profit this year?'"

Bistech's multi-national customer reflected that, "Greater visibility around each project translates to better management of the cash flow, and greater control. Cash flow is still a challenge, but it can now be understood and managed much better."

Increased efficiency and reliability

This is a huge area of impact with automation delivering real benefits in terms of time and efficiency.

In the [ALS case study](#), it was noted that the solution "Accelerates reporting processes by 20 percent and increases data quality by 30 percent, reducing the need for reconciliations and eliminating inconsistencies between reports. This saves considerable time and effort for the finance teams, as they no longer need to spend so much time reconciling figures and correcting inconsistent results between different types of reports. Over the medium term, these time savings should help to deliver a full return on the investment in the solution."

Efficiency is a key term for Duncan McInerney at Auto & General: "If nothing else, we now deliver the same reporting with more efficiency. We have seen a massive reduction in man hours. On day one of each new month everything is done by 11 am. Previously it took us five days to get information out. Early in the piece we estimated that this has saved us about 30 hours a month."

Bistech's multi-national customer divulged some key efficiency benefits that they had realised, "The key strength was that of making the process around allocations much easier. If these were done in a spreadsheet it would have been extremely difficult and complex. Just having it all linked together is a massive benefit. It brings it all together in one model to create a consolidated output."



Our initial focus was on reporting but more recently there has been increased emphasis on the planning process.”

Greg Affleck – Group Financial Controller Corporate – ALS

Improved staff satisfaction and performance

When systems are slow, complicated and unreliable, staff morale suffers enormously. All businesses interviewed for this paper reported improved staff satisfaction along with improvements in the ease and process of staff training.

“Most staff hated to do the manual stuff,” said Duncan McNerney of Auto & General. “They can now focus more on what’s happening rather than just trying to get a report out. They now have time to do the actual analysis and act on it.”

Ian Mitchell noted how empowering the new system is, *“It makes it so much easier to train a new person. You can say: this is the one source of truth we want you to use for consistency, if you can think of a different way to present or analyse – tell us.”*

Gaining a competitive edge

Tangible links to profit growth start to become evident in a relatively short time. This is a result of several interweaving factors including better financial planning and access to more accurate data that the board can confidently base business decisions on.

It is often simple things that have a big impact, says Ian Mitchell from Allianz, *“For example, a simple question like: ‘What is the revenue for this particular client over the last couple of years?’ Previously we would have had to pull out physical reports and manually pull this information together. The insights and ability to respond to queries so much faster makes us the envy of others across the group.”*

And while circumspect about attributing specific figures as a result of implementing the new solution, he can confirm correlation, *“It’s hard to pin point the bottom line impact to this technology, but we’ve had double digit growth every year for the last five years.”*

A similar story emerges from Auto & General: *“We’ve just had a record profit year. It’s difficult to say how much of this was due to the better, more accurate insights but the business certainly relies on the information that we provide and they’ve not previously had it.”*

Greg Affleck from ALS notes how valuable being able to drill down deep into data is when it comes to planning and forecasting:

“Our initial focus was on reporting but more recently there has been increased emphasis on the planning process. We have gone live with a forecasting piece – taking a higher / macro / GM level view for each key business stream based on their opinion of factors that will impact their businesses performance over the next six to twelve months. We can aggregate their business streams to a point where they are planning in key functional currencies and using the levers of revenue and margin to drive value into the business.”

Tips for getting started

Being aware of what is going on in both your industry landscape and the tech landscape at a broad level is important for CFOs and others who are leading the charge for change. Consulting with trusted third parties (such as an FPM specialist consultancy) is key to this. No single person can be expected to have expertise across every aspect of technology related to the finance function. Beyond this general advice, four primary tips came up again and again from the businesses we spoke with.

1 Solution must support business needs

Knowing what outputs you need is the starting point for any change, as Ian Mitchell from Allianz Worldwide Partners noted, *“Start thinking early on about what the output needs to look like. For example, I knew that I needed to report at a really consolidated level, I also knew that I needed more at a local level. So I started at the lowest level and then worked out the hierarchies.”*

Keep things streamlined where possible. Bistech’s multi-national customer stressed, *“The biggest challenges the business faced were potentially over-engineering the solution. You have to draw a line. What are the benefits of the solution versus the complexity of understanding it and maintaining it?”* And that going it alone is rarely a good idea, *“Just because you’ve always done things a certain way doesn’t mean that you need to continue this way – get a third party to come in and give you an alternative perspective.”*

2 Put time into the process

Do your research. Be involved. Talk at length with your team, with other business units, with your FPM partner. A successful change process is largely about relationship building.

Ian Mitchell from Allianz Worldwide Partners is adamant about this, *“Don’t rush and don’t underestimate the process. You will kick yourself later when you can’t get the system to do what you need it to. Get involved in business workshops. Understand what’s coming out of the product group – internal networking, floating – find these workshops and send reps from the finance team so they can be close and add value to what the business is doing.”*

3 Have a change management strategy in place

We all resist change at some level, even change that we know will bring about benefits. Be prepared for this and ensure you have a comprehensive change management strategy in place.

“Invest in the human capital side, the change management you have to go through,” advised the multi-national customer. Greg Affleck from ALS noted the importance of this kind of approach, *“We had to make judgment calls in terms of the way that the system needed to be structured to facilitate our reporting needs. From a human capital side of things, the way we rolled out the consolidation was methodically, entity by entity, not through one big bang. This worked well for us - we rolled it out over 12 months.”*

4 Get the leadership team behind the project

“Ensure that the leadership of the organisation is engaged and fully behind a change such as this,” said Duncan McInerney from Auto & General, *“They should set the transition as a KPI for the business. Encourage workshops on different prototypes that define what the business can get out of it. This will help them to get behind it. They don’t know what they don’t know – don’t just rely on analysts, it’s the leadership that has to drive change.”*

What does the future hold?



The industry is changing fast and this has deep reaching implications for the finance function. You need to have your foundations in place first and can then start to look towards future developments.

Guy Jones, Worldwide Technical Sales Leader, Data Science & Business Analytics at IBM, says, *“The ultimate goal is aligning your resources to your opportunities – and this shouldn’t be done once a year. It’s constantly done every day of the year, embedded day to day within your organisation.”*

He also comments, *“Another best practice is to integrate your connected planning e.g. marketing plans feed sales plans, sales plans feed operation plans, operational plans feed resourcing plans. Connecting the enterprise to work towards a single goal and a single plan.”*

As touched on above, Predictive Analytics that make use of AI / Machine Learning are among the technologies that will become increasingly important and pervasive.

“Certainly AI is where it’s going,” says Guy Jones, *“Where the system automatically spots patterns, trends, relationships and uses all of those things to guide your planning process. This information can be married up with the latest business conditions to really optimise how you do your planning, minimise time involved, but maximise outputs and increase accuracy, forward looking capability etc, and do all of this more rapidly. So you’re making real-time decisions rather than every month, quarter, or year.”*

This is an emerging consideration for most businesses that, for now, are advised to get their current finance function in order. Guy Jones summarises the priority in a clear and straightforward way, *“You need to first have a consistent and trusted data foundation in place combined with a level of automation.”*

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About Bistech

If you would like to learn more about Bistech and how we are assisting organisations to evolve in this space, please get in touch to talk about our FPM Headstart Assessment process.

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