

Finance Transformation – Finance Strategy and Finance Operations Improvement

Highlights

- *Manage risk and opportunity throughout your enterprise.*
- *Improve productivity and collaboration.*
- *Implement a governance framework around information integrity.*
- *Deliver the right information to key decision makers, when and where they need it.*
- *Develop sound business management policies and practices.*

Finance Transformation

In addition to managing risks, increasing organizational agility, and tackling organizational skill and leadership deficiencies, CFOs must focus on cost cutting and profit improvement. IBM's transformation services, including finance strategy and finance operations improvement, are designed to deliver cost savings through faster, more successful and enduring business transformation. Your finance organization can leverage the expertise and scale of strategic partners, combining people, process transformation and technology innovation to achieve established business outcomes.

Finance Strategy

Do you have the vision, strategy and blueprint in place to support your changing business needs?

Today's CFOs need to consider innovation as the key placeholder for finance transformation and growth. This can be accomplished through partnership and collaboration as well as analyzing and predicting future risks and rewards.

The role of the CFO requires the ability to operate at both the strategic level and the lowest level of detail across the whole organization. It demands a 360-degree view: backwards to report, alert to current conditions, and the ability to anticipate the future to plan accordingly.

Finance strategy services are at the core of the IBM financial management solution set. Using diagnostic and strategic tools for profit improvement and modeling, IBM can help your enterprise assess its organizational effectiveness.

Finance Operations Improvement

Architecting change. Shaping strategy. Driving business value. CFOs have always been the stewards of financial data for the enterprise, but now you have to do more. You must use this critical data to deliver high-level insight into business performance, risk and growth. And it's not easy.

Forward-thinking enterprises locate operations and functions anywhere in the world based on the right cost, the right skills, and the right business environment.

The finance operations improvement services are designed to help finance organizations execute their strategic plans. IBM can help redesign key business and financial processes, restructure organizations to improve overall efficiency and responsiveness, and eliminate non-value-added tasks through outsourcing and shared services.

Manage risk and opportunity throughout your enterprise

The CFO's job is arguably as difficult as that of the CEO. Finance affects and is affected by all aspects of the enterprise. The job covers compliance with increasingly higher standards of financial reporting and control, and prudent management of risk without allowing this to blunt innovation—proactively supporting growth by providing analytical insight—or, in the public sector,

optimizing service delivery effectiveness. The CFO has to participate at a strategic level and yet be able to operate at the lowest level of detail across the whole organization. The job demands the ability to look backwards to report, be alert to what is happening now and see into the future to plan.

To succeed in partnering, the role of Finance needs to be based on the strategy of the enterprise and adapted periodically to remain synchronized with it. This starts with defining the role of Finance and the degree to which it should become involved outside its normal operational role, for example, in managing risk.

During their consideration of the role of Finance, CFOs should review Finance's wider potential role in risk management as there is a natural fit with their financial competencies. This can be particularly valuable in contributing to the growth agenda by ensuring that a rigorous risk identification and mitigation process is in place.

Improve productivity and collaboration

Finance's effectiveness may have been undermined by past single-agenda emphasis on cost reduction, weakening its ability to contribute to future results (growth) as opposed to solely reporting actual results. There has been a shortfall in working with the organization to improve performance and develop growth opportunities, i.e. a weakness in Finance's partnering with the organization.

Partnering is a two-way relationship that requires an integrated and interdependent way of working throughout the organization—a collaborative culture. At one extreme, Finance could operate with an independent and narrowly siloed style, focusing on its role as owner of the financial reporting and controls agenda. But partnering broadens the role to include growth strategies with accountability and strategic risk-taking.

The key to delivering effective partnering is to ensure that the retained organization has people equipped with a partnering competency as well as technical skills. This must also be built on sound processes and information infrastructure.

Implement a governance framework around information integrity

Organizations with fragmented and inconsistent sources of information are suffering from a lack of integration and governance. The CFO should own the governance process around information integrity because weaknesses in this are ultimately reflected in financial results. This does not mean that the CFO should own all the data, as certain business units are better placed to own information originating in their domain. For example, marketing may own customer relationship management (CRM) data; Finance owns accounts receivable data but ensures that there is an overarching governance framework in place.

Deliver the right information to key decision makers, when and where they need it

Information is the most often-quoted pain point due to difficulties around timeliness, lack of transparency, inconsistency, multiple versions and inaccessibility. The paradox is that there is usually too much data but little focused information. The root of these problems can often be traced to legacy systems that lack cohesion and the difficulty of deciding where to start improving while the organization grapples with growth and business as usual.

Information is the blood that flows through the veins of an organization, and every activity from strategy to analysis depends on it. Deficiencies in information systems not only affect performance and morale, they compromise the quality of decisions that shape the strategy of the organization. For example, if there are multiple and inconsistent sources of customer information and the products they buy, how can reliable insights into customer/product/channel marketing decisions be gained?

With IT industry support of open standards, it is becoming possible to more easily link different systems, or components of systems, through an approach called service-oriented architecture (SOA). This means that information such as customer data can be held in one place and shared among the systems and users that require it.

Develop sound business management policies and practices

The process of developing a plan for Finance should adopt the same rigor as the business users for its wider business plan. This means that Finance needs clarity around:

- Its value proposition, including internal and external “customers”
- Alternative delivery models such as offshored or outsourced services
- Investment and benefits, not just functional costs

People, processes, and information pain points are then identified and evaluated in relation to industry standards and best practices in order to set priorities. Solutions are then developed, also taking into account the available technology enablers. These will form the backbone of the business plan for Finance and technology enablers in order to produce the development plan.

Finance Transformation Services We Offer

Finance Transformation Strategy—Helps the CFO develop a vision and roadmap to become an integrated Finance Organization.

Finance Maturity Assessment—Assesses finance performance across virtually all competency areas and against selected peer groups; It also

evaluates finance maturity and helps to gain insights into the steps needed to take the journey.

Finance Organization Design—Assesses finance’s current organization and redesign around alternative service delivery models for transaction processing, and reduces costs to reinvest in developing people and business intelligence capabilities.

Finance Process Improvement—Establishes global ownership and redesign and implements enterprise standard finance processes to reduce costs. It also enables enterprises to reinvest in developing people and business intelligence capabilities.

Finance Governance—Assesses the current information architecture from Source to Report and redesign to achieve information “truth”, and develops and implements enterprise data and information standards.

Why IBM?

With more than 4,100 financial management resources located across the globe, IBM has a strong record of serving as a trusted advisor to CFOs and finance leaders. Our dedicated teams of research and thought leadership professionals provide insights into the issues facing finance professionals enabling us to offer deep finance function expertise coupled with effective technology implementation and integration capability.



We offer proven finance transformation tools and experience, such as SAP, Oracle and Cognos. IBM financial management consulting services bring strong partnerships; we are the number one SAP Consulting Provider and a leading integrator of Oracle/Hyperion applications. Our recent acquisition of Cognos has added over 200 experienced Cognos practitioners to our Financial Management practice.

We bring experienced IBM finance executives to meet with clients, including former CFOs, controllers and CIOs. Our consultants have worked with 75% of the global Fortune 50 and 80% of the FT 50. We frequently leverage our IBM CFO and his team to share their Finance Transformation story and lessons learned.

For more information

To learn more about IBM Global Business Services, contact your IBM sales representative, or visit:

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