



scottmadden
MANAGEMENT CONSULTANTS

Smart. Focused. Done Right.®

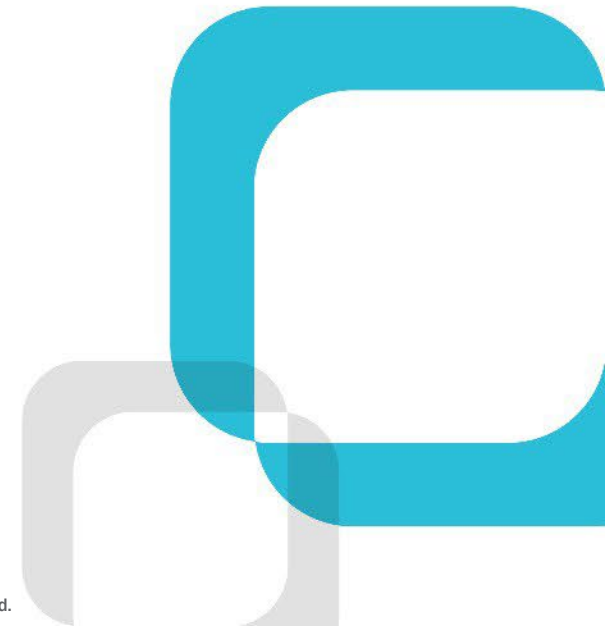


Next Generation Finance Transformation

Concepts for 2022 and Beyond



May 16, 2022



Today's Discussion

- Introduction to ScottMadden
- Practices that Hit the “fast track”
 - Delivery model
 - Outsourcing
 - Digital transformation
 - Remote work
- Summary

Our Areas of Focus

FINANCE AND ACCOUNTING

We help companies transform their finance and accounting operations. Through enterprise financial business services, strategic centers of expertise, intelligent automation solutions, hybrid insource/outsource delivery models, and other solutions, we help you increase value for your company.

HUMAN CAPITAL

We offer HR transformation (including HR shared services), analytics, HR systems (selection, implementation, and optimization), process design and continuous improvement, talent and employee engagement strategy and programs, and payroll—the services your organization needs to excel.

MULTIFUNCTION/GLOBAL BUSINESS SERVICES (GBS)

We move shared services to the next generation—integrating finance, human resources, information technology, supply chain, and/or other business services into a single, multifunction shared services or GBS operation with effective governance and management.

SUPPLY CHAIN

We assist clients across the full range of supply chain processes and have the unique ability to create alignment between supply chain and its stakeholders. From crafting new supply chain strategies to restructuring your organization to improving your daily operations, we help you with every step.

TECHNOLOGY

From IT assessments and strategic direction to governance, cybersecurity, and risk and compliance management, we can help your organization get the most out of its IT investment. We can also help you optimize your projects to focus on delivering business outcomes not just installed technology.

BUSINESS SUPPORT SERVICES

We help our clients integrate various administrative services into their shared services model to improve service response performance to the business. Services often include real estate, facility maintenance, fleet, security, sales and marketing, insurance, customer service, research, and others.



What We Do



Assess and Plan

- Strategic planning
- Feasibility analysis
- Benchmarking
- Leading practices assessment
- Performance evaluation
- Project planning
- Leadership education and buy-in
- Staff evaluation
- Change readiness assessment
- Site visits

Design

- Current state analysis
- Future state design
- Location assessment
- Business case development
- Service delivery model design
- Work scope delineation
- Intelligent automation (IA) strategy
- Sourcing evaluation
- Organizational design
- Technology evaluation
- Transformation planning
- Implementation planning
- Change management

Build

- Project management
- Service and transaction center build
- Detailed organizational design
- Staffing
- Process redesign
- Technology design, selection, implementation, and support
- Education and training
- Facility design and setup
- Change management
- Sourcing implementation

Improve

- Analytics setup and deployment
- Operations improvement
- Governance
- Service expansion
- Cost reduction
- Process redesign
- IA opportunities/ implementation
- Technology upgrade
- Merger and acquisition integration
- Field resource development
- Voice of the customer surveys
- Metrics and performance management

A Small Sample of Our Clients

Retail and Consumer Products	Manufacturing	Technology and Communications	Higher Ed., Public Sector, and Defense	Energy and Utilities	Healthcare and Pharmaceuticals	Professional Services
						
						
						
						
						
						
						

Note: Representative sample; not all-inclusive of clients served. Excludes numerous well-known clients due to confidentiality agreements



Predictions Going Forward



What Our Clients Learned from the Pandemic...

- "Decisions that have dragged on for years were made and **implemented in two weeks**" - *VP, Finance GBS*
- "Our continuity plan included a pandemic, but one that would move **slowly from region to region**" - *SVP, GBS*
- "This put a spotlight on **inefficient collections practices**... but received intense focus and repaired quickly" - *VP, Finance GBS*
- "Our FP&A department 'red-lined' with **request to produce forecast**" - *VP, GPS Finance*
- "Gave **clarity to KPI's** that mattered...others KPI's were dropped overnight" - *Finance VP*
- "**Remote work will not prevail** at this magnitude" - *SVP, GBS*
- "**BPO's did not flex** as well as captive organizations" - *VP, Finance*

Delivery Models will Shift

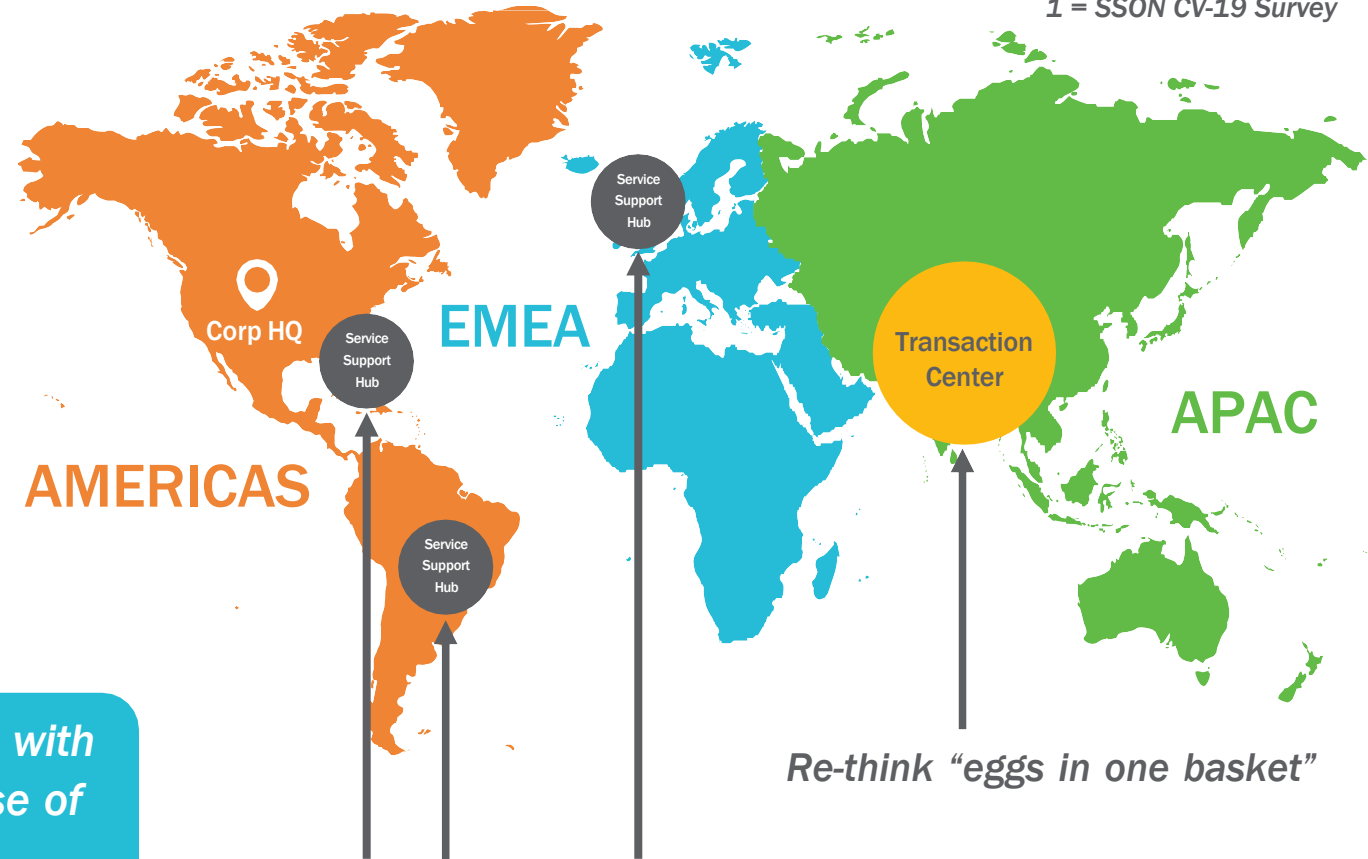
A Catalyst for Service Change

- Monitor front-office activity remotely
- Enable more regional/country autonomy
- Re-tool the service catalogue – what’s critical?
- Jettison unused KPI’s
- Increase cross-training for critical services
- Increase use of chat-bots and virtual agents
- Eliminate optionality of self-service applications
- Increase use of video as a channel

The business will insist upon closer connectivity with operations, while GBS & SSO will insist upon use of new service channels

81% Believe SSO and GBS will Change¹

¹ = SSON CV-19 Survey



*Stronger roles and new channels
(video, chat-bots, virtual agents)*

Outsourcing will Remain... with Some Changes

Re-think the Role of Outsourcing

- Get non value added activities out of the business now
- Get customization out of the processes and systems now
- Re-value the dependency on BPO physical location
- Make BPO contracts shorter and more flexible
 - Captive use of self-service via virtual agents and chat-bots
 - Ability to scale rapidly up or down by distributing workload
- Push more near-shore (vs. far shore) to improve reaction time
- Push complex issue resolution to BPO to improve resiliency
- Re-vamp BPO continuity plans (laptops, virtual feasibility)

Only 7% Intend to Transition Far-Shore BPO To Near-Shore or On-Shore²



BPO contracts will need to instill more flexibility and improved business continuity plans, but should also trust BPO providers with more complex analysis and decision making

Digital Transformation will Accelerate

Automation is accelerating... and redefining the traditional requirements of physical proximity and co-location



CLOUD AND DIGITAL

- Transition to cloud technologies which are proven to be more resilient than legacy, on-premise systems
- Fast-track elimination of paper, e.g., paper invoices, paper checks → e-invoicing, ACH



COLLABORATION AND VIDEO

- Collaborate internally with tools that enable virtual whiteboard sessions, document sharing, and group chats
- Adopt video to help personalize virtual experiences
 - Customer service improves when you are able to put a “face to a name”
 - Internal teams feel more connected... but “Zoom fatigue” is real



ANALYTICS

- Embrace analytics to understand the past, inform plans to adjust, and predict future outcomes
- Establish an analytics CoE that combines strong modeling capabilities with business acumen

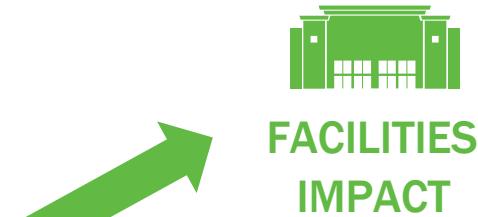
Digital transformation enables an “agile” operating model that can adapt quickly to a changing environment... but appropriate governance must be in place

Remote Work is Here to Stay... but What are the Consequences?



REMOTE WORK

Work from Home (WFH) has proven to be **equally, or even more productive**, than work in a traditional office setting



CULTURE IMPACT



Shared services facilities may be changed forever

- Smaller footprints reduce facility-related costs
- More collaboration spaces and tools improve connectedness when in the office
- Open plans will be re-imagined and cleaning requirements will be enhanced

The “secret sauce” that defines a company’s culture may be negatively impacted

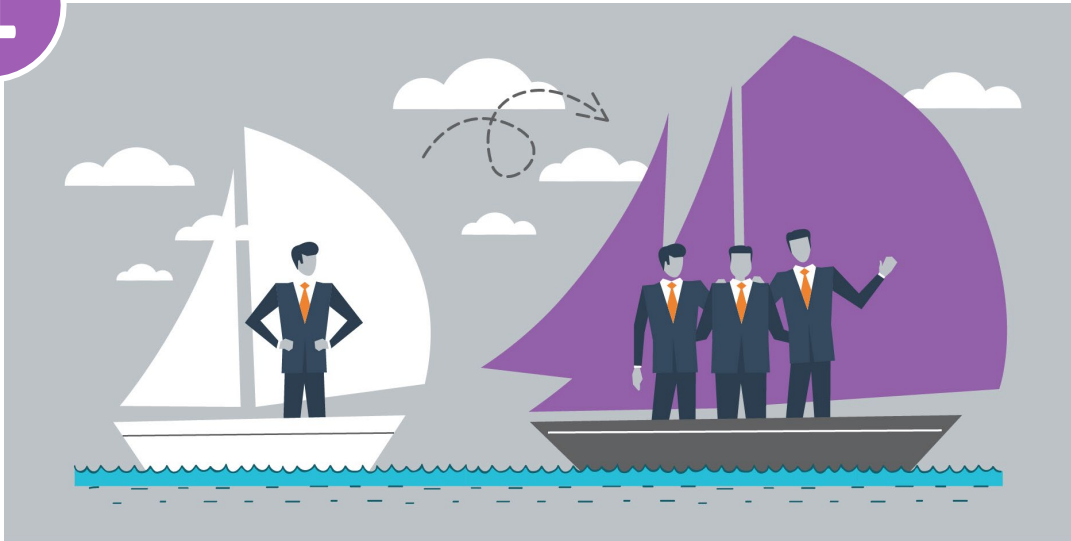
- Older generations are more comfortable working from home than Gen Z – FOMO is increased with fewer daily connections
- Loss of connectedness can make an employee feel like an independent contractor, not a valued employee
- Turnover may increase... which is good (fresh talent, lower rates) and bad (hiring costs, knowledge loss)

While remote work may have led to short-term productivity increases, leading companies will develop strategies to measure and improve employee engagement and connectedness

Expanding Finance Operations

1

GROWING THE DELIVERY MODEL

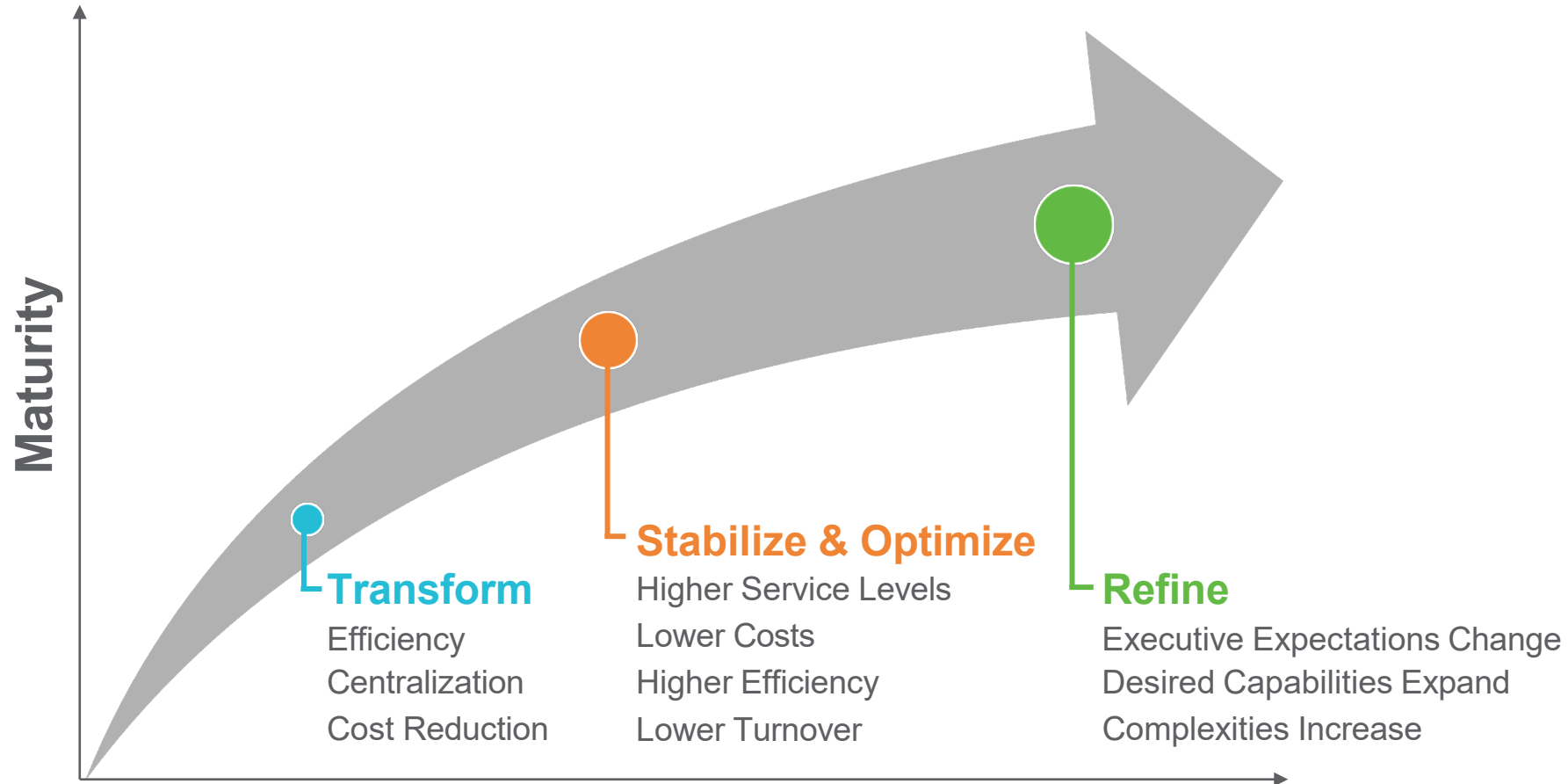


“Growth is never by mere chance; it is the result of forces working together.”

– James Cash Penney

Getting from Good to Great

Many companies have transformed their service delivery models and are now looking to improve and optimize services and meet changing business needs.

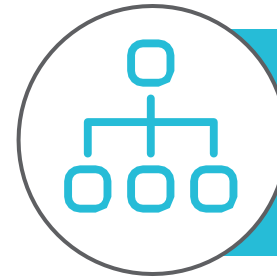


Learning from the Key Success Factors of Top Performers

From ScottMadden's annual benchmarking survey, we see four key areas that move organizations from "good to great."



Refining business operations, governance, work alignment, and structure



Optimizing processes and building a culture of continuous improvement



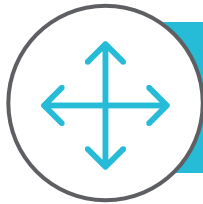
Leveraging technology for service delivery



Focusing on customer satisfaction and performance

Evaluating Multiple Expansion Methods

After companies implement and refine shared services, they look for opportunities to expand and better support their customers. Companies can expand their shared services operations by offering more services or supporting more customers.



Expand Across Functions More Services

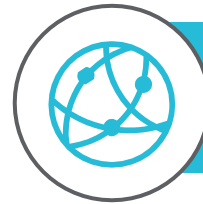
New shared services functions – HR, IT, Supply Chain, and Finance

Additional business administrative functions

- Communication services
- Environmental, health, and safety
- Regulatory compliance
- Real estate
- Facilities

Additional transactions-based functions

More value-added services



Expand Across Geographies More Customers

Additional customers

Additional business units within each company

New geographic areas

- New states, regions, and countries, etc.
- Global shared services centers

Support to other companies (external sales)

Considering End-to-End Processes in Expanding Services

In evaluating what further services to incorporate into a shared service, consider those elements of work that can make most sense from an end-to-end view, and therefore further enhance and drive consistency in customer experience.

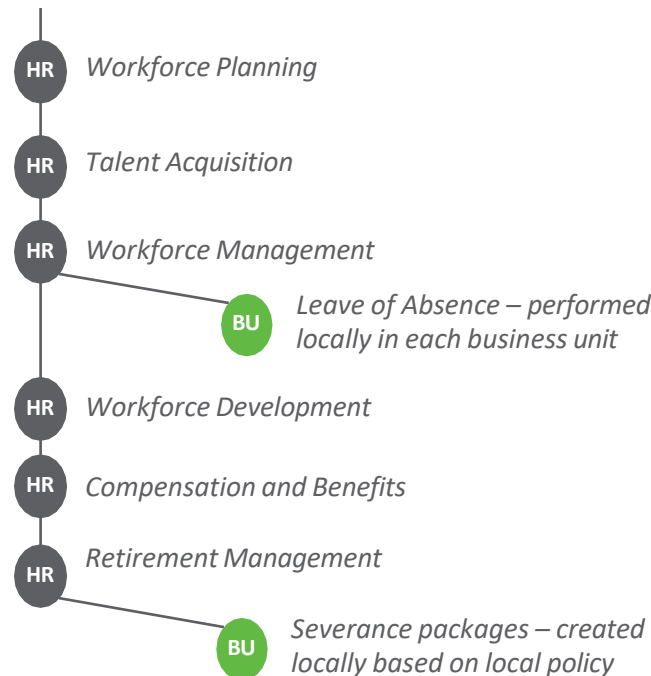
“We’ll tackle these over time.”

Often, activities may be left behind during a transition...too complicated, too sensitive

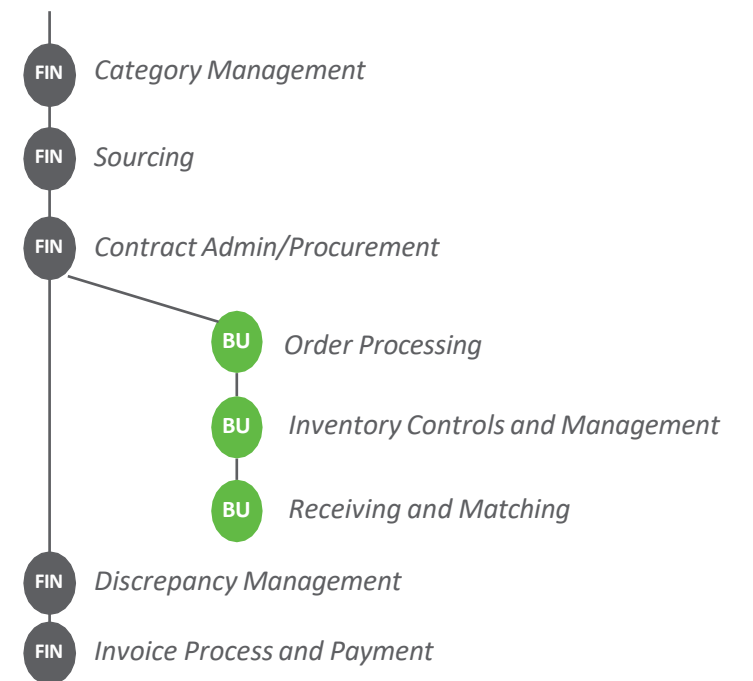
Opportunities to revisit and expand

Easier to articulate how these fit into the overall process

HR End-to-end Process Example

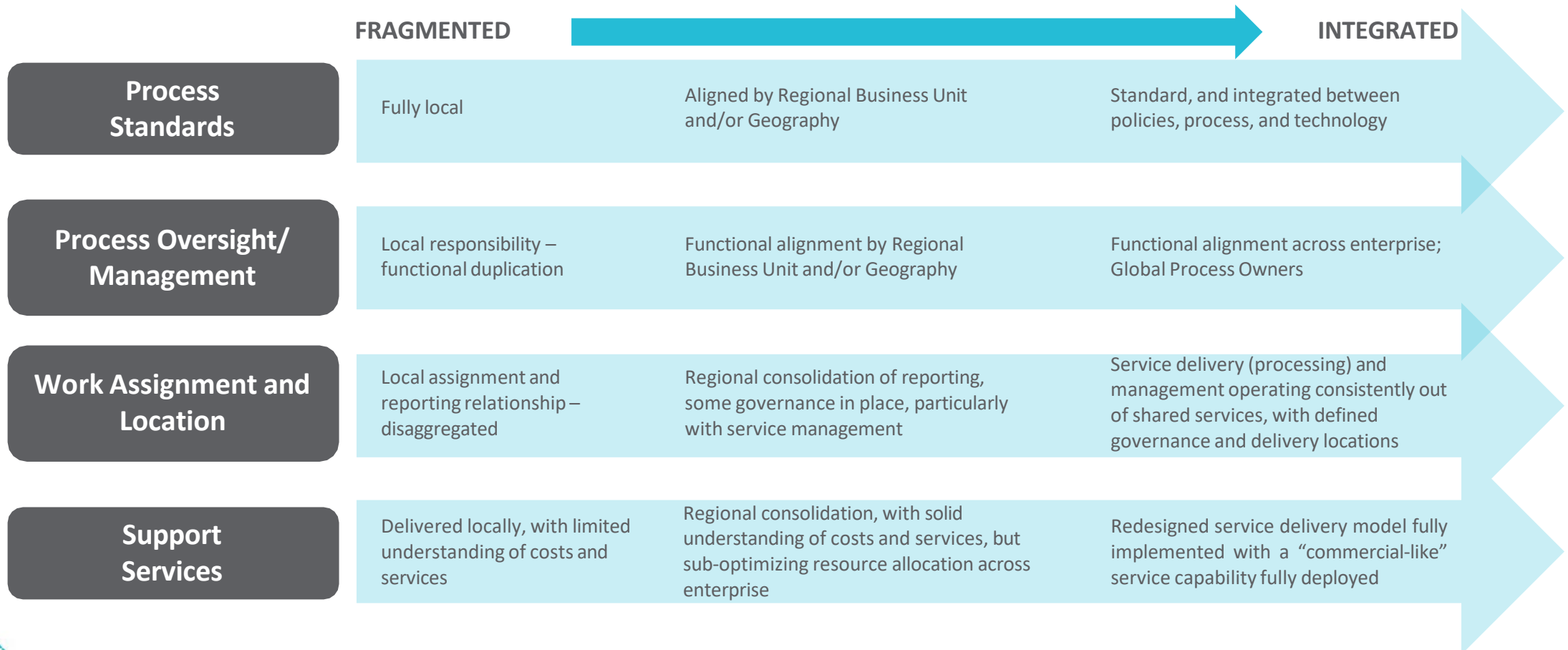


Finance End-to-end Process Example



Global Operating Model Characteristics – Maturity Model

GBS models can propel organizations further along the maturity curve in key areas, driving further enterprise integration of work and processes.



Advancing Finance Operations

2




INNOVATE AND AUTOMATE



“People don’t know what they want until you show it to them.”

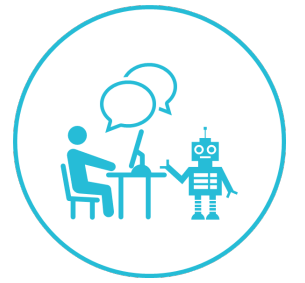
– Steve Jobs

What's Really Out There... And Being Used

	 Robotic Process Automation	 Virtual Agents and Chatbots	 Artificial Intelligence
Level of Adoption	80% ¹	45% ¹	43% ¹
Characteristics of Data Input	Structured, rule driven, and static	Structured data, but requires cognitive computing	Unstructured/structured data with hidden patterns
Nature of Ideal Process Fit	<ul style="list-style-type: none"> Digital repetitive steps Rule-based/logic driven Time consuming Documented Static rules 	<ul style="list-style-type: none"> Customer-interfacing Requires access to solve Multiple languages required Multiple time zones required 	<ul style="list-style-type: none"> Requires research Non-routine inquiries Formula-driven Requires pattern and detailed analysis
Process Candidate Examples	<ul style="list-style-type: none"> AP/AR management Billing and invoices Data entry/management 	<ul style="list-style-type: none"> Customer service Vendor inquiries Delivery/scheduling 	<ul style="list-style-type: none"> Document research (contracts) Forecasting (turnover) Problem solving

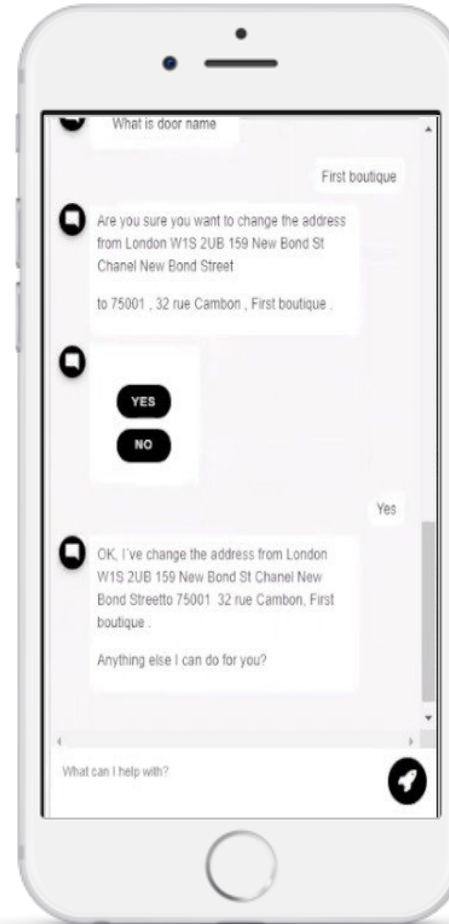
Data structure and integrity is essential across all IA.

Pressing Further than RPA – Chatbot Applications



Potential Pilots

- 1 Customer self-service
- 2 Response management
- 3 Content delivery
- 4 Data entry and maintenance



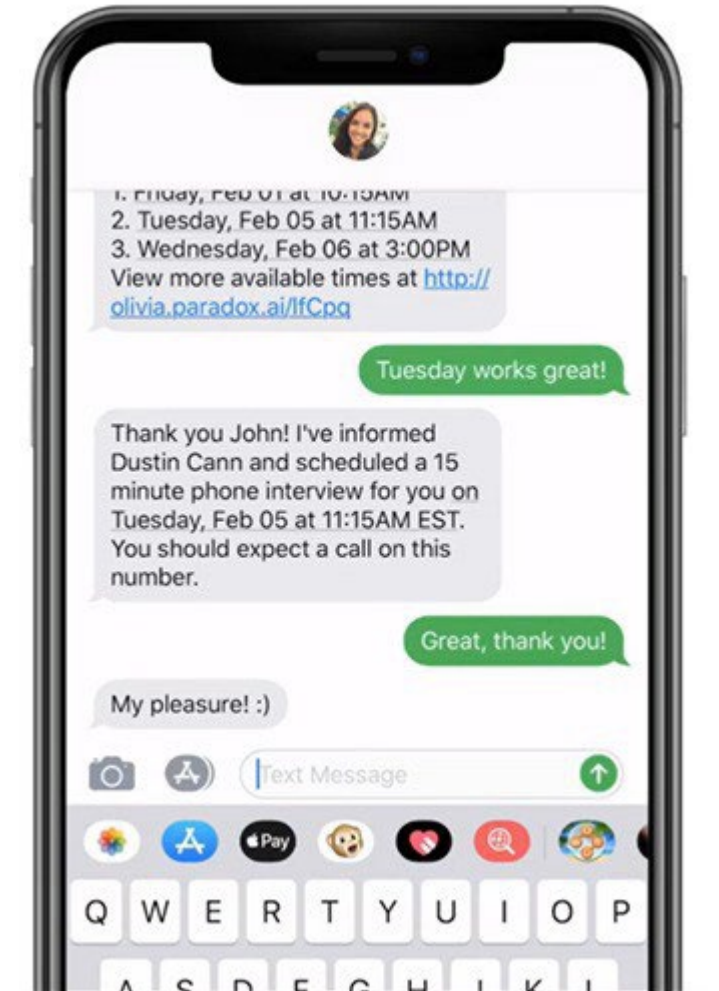
Recent MDM pilot conducted by ScottMadden and Jacada

Pressing Further than RPA – Virtual Agent Applications



Virtual Agents are tools designed to mimic the role of online, human services representatives. They connect company data, systems, and service delivery channels.

- Draws real-time information from ERPs, CRMs, and external sources
- Reads natural language and looks for key information
- Understands and speak numerous languages
- Detects underlying meaning of your statements
- Asks clarifying questions
- Measures own performance and self corrects
- Observes successful human interactions and adjusts performance
- Maintains a complete audit trail
- Passes relevant information when escalating to humans



Recent TA interview scheduling pilot conducted by ScottMadden and Paradox

Pressing Further than RPA – Artificial Intelligence Applications



Potential Pilots

- JEs from email traffic
- Real-time data flash reports
- New, real-time FP&A market data
- T&E compliance
- Fraud detection/prevention



*Finance use cases being examined by
ScottMadden and ITyX*

AI Examples

H&R Block	➔	Use AI to find Tax Audit Risks
Bank of England	➔	Improve Quality of Data Input
Baker Hughes	➔	Answer Supplier Questions with Virtual Agent
DHL	➔	Alert Suppliers to Risks with Language Processing
JPMorgan Chase	➔	Review Commercial Loans in Seconds vs Months

Leveraging Best-of-Breed Automation Tools

Examples of Best-of-Breed IA integrated functionality:

O2C Tools

- Recognize **patterns of short pays** and connect to reason
- Correctly **format bank files** for processing
- Book appointments** to discuss discrepancies

P2P Tools

- Sort through bids and **find best-capability** combinations
- Recognize and **stop duplicate spend**

Travel and Expense Tools

- Recognize patterns of **non-compliant travel expenses**
- External searches to **ensure compliance** with local laws
- Recognize fraud** (unauthorized bank cards)

Forecasting and Planning Tools

- Predictive patterns** for sales, inventory, and cash flow
- Modelling scenarios** for predictive outcomes

Smart Document Capture

- Language capture** and document classification
- Selection of **right process workflow**

Focus on the Workforce

3 RETOOLING SKILLS

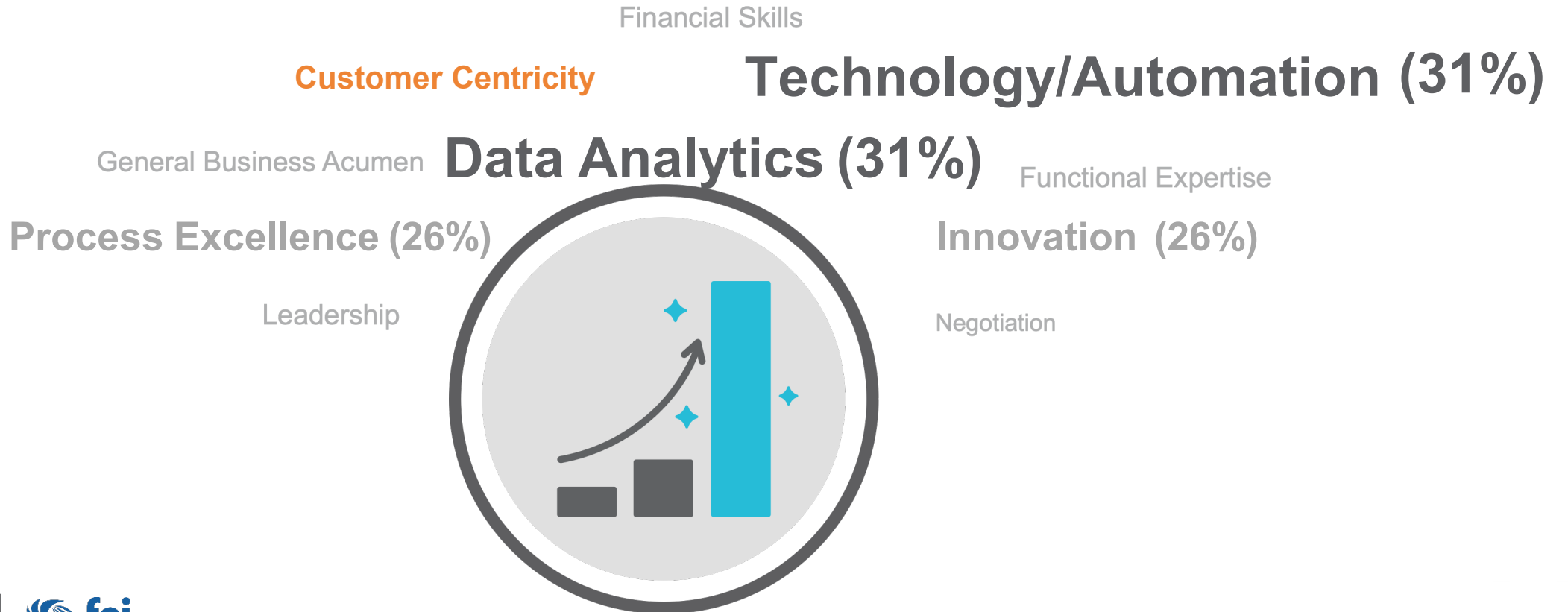


*“Find the Wow! – to be successful, you must wow people into your organization.”
– Caroline, Mondelez International*

Determining Skills for Financial Shared Services

ScottMadden's survey says our SSOs are missing skills in data analytics, automation, process excellence, and innovation.

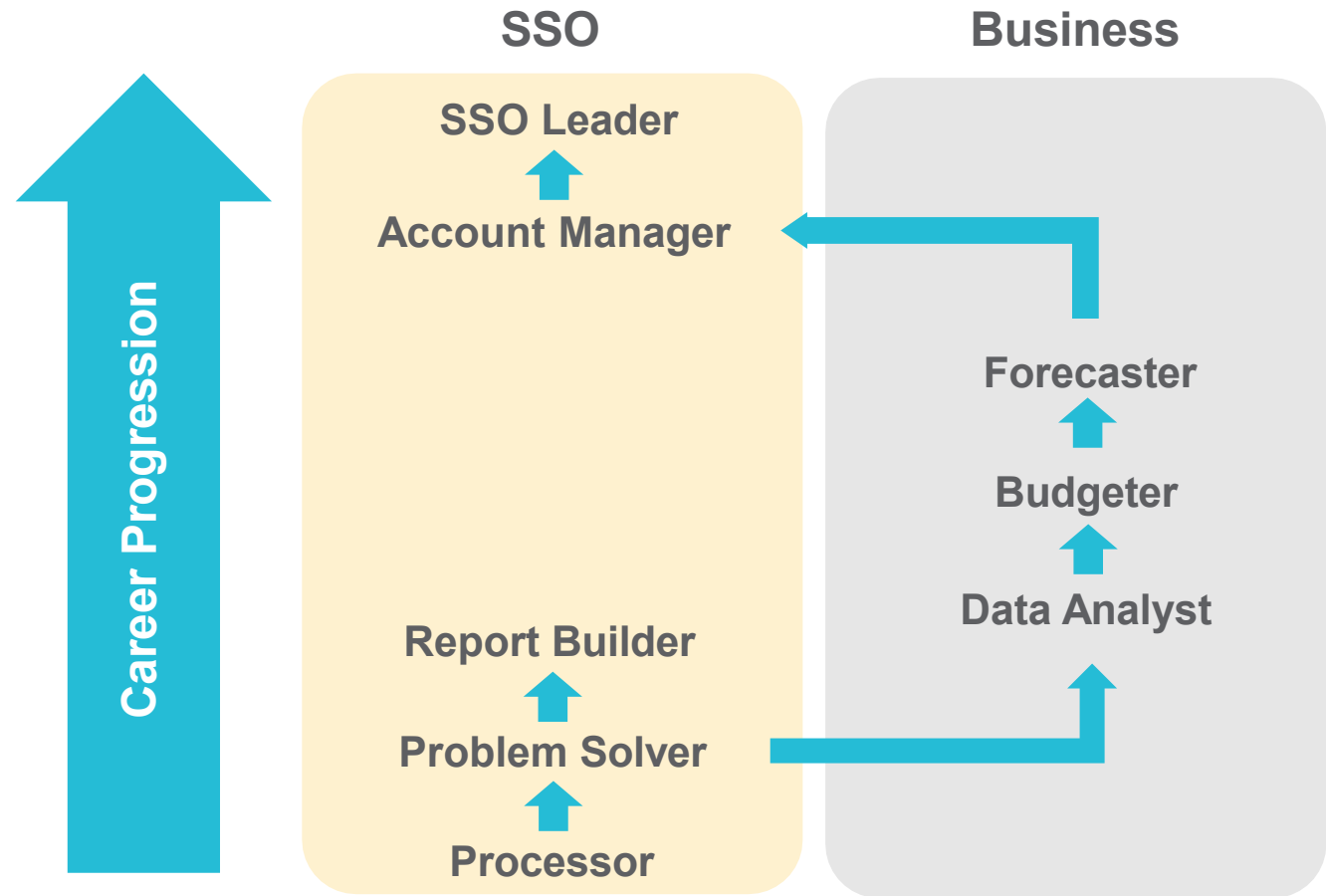
Most popular answers to "What skills is your SSO missing"?



Defining Rotational Career Paths

About half of SSOs' career paths include progression to other positions outside their organizations. Small operations are less likely to intentionally progress career paths outside of the SSO.

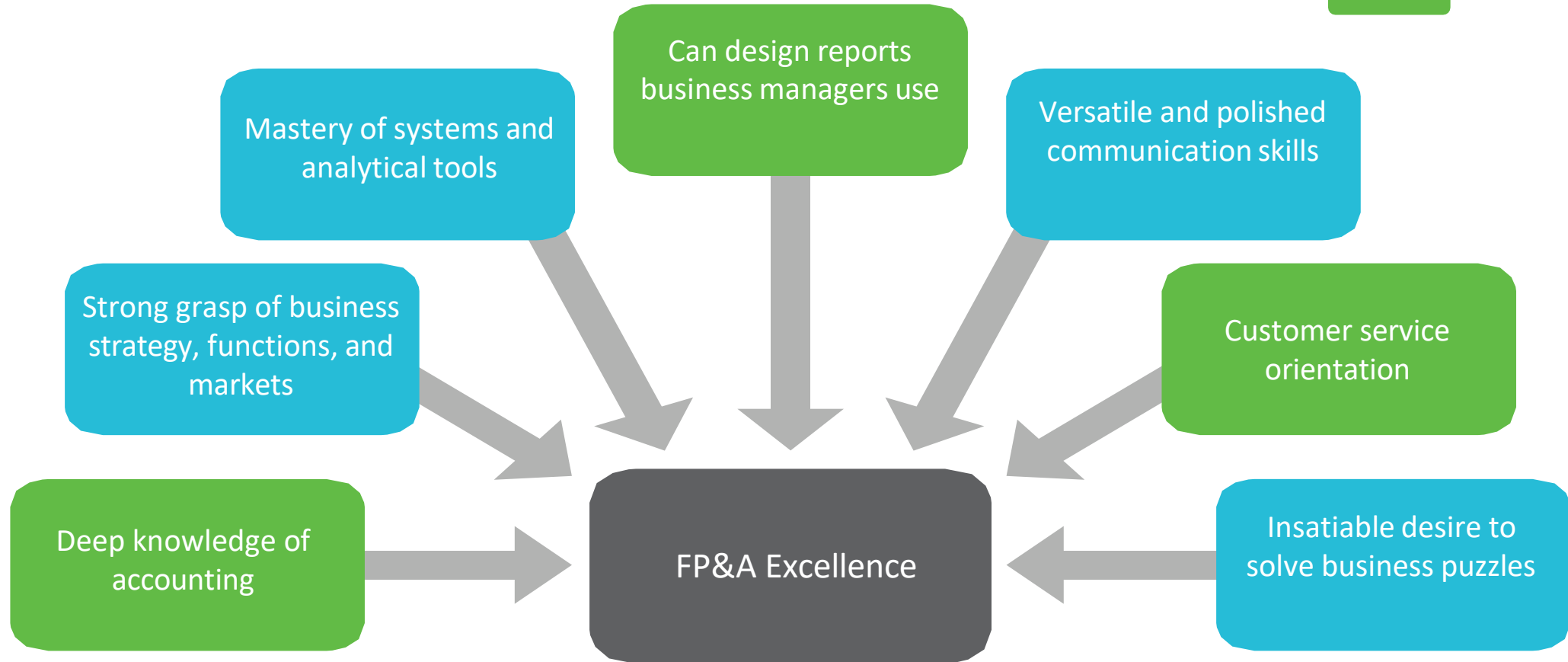
Do your career paths include progression to other positions outside your SSO?



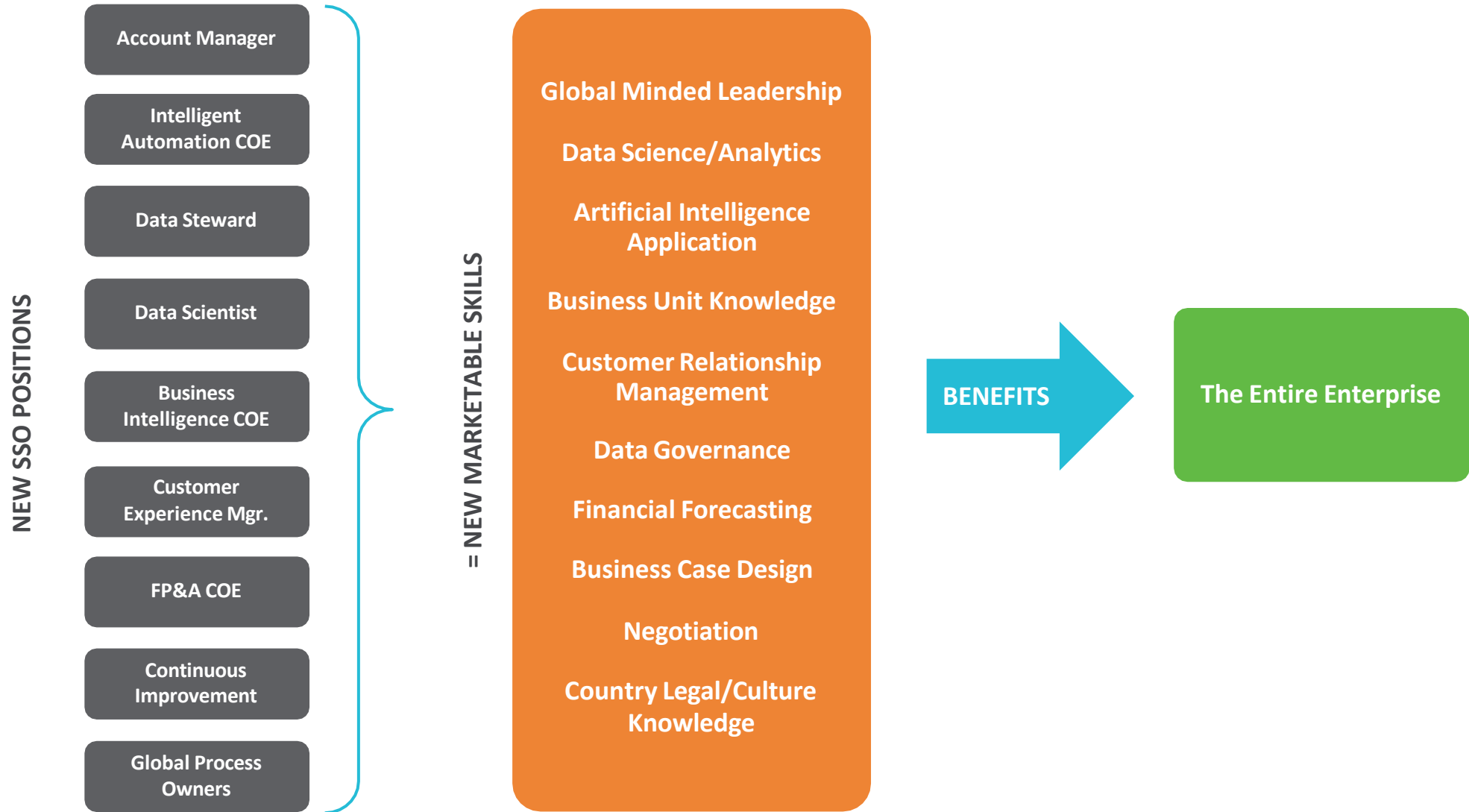
Breaking Down Silos and Blending Roles

Can Accounts Support Forecasting?

 Can develop
 Have today



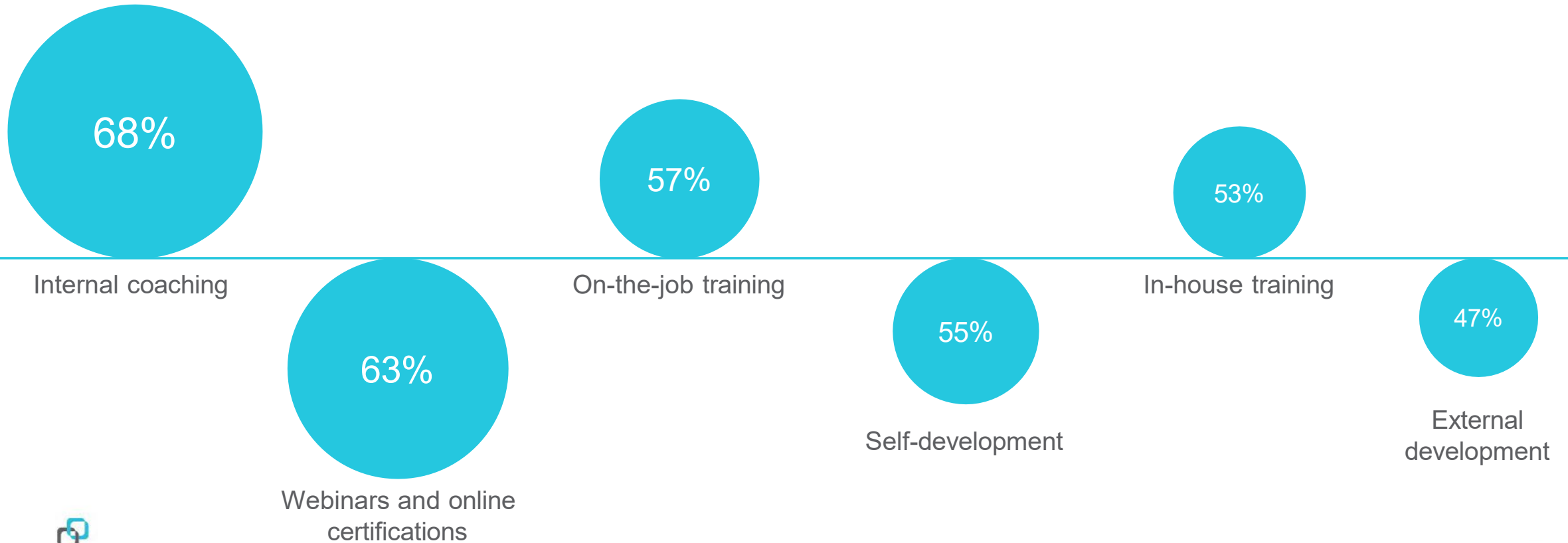
Reskilling for Future Organization Needs



Integrating a Modern Learning Approach

Different learning styles are more effective for millennials and Generation Z. A multi-pronged approach to learning and knowledge transfer, supplemented with technology to deliver and track achievements.

SSO survey responses using different learning mechanisms





Summary



If You Are Watching... Here's Five Things to Do

1. Emphasize the use of self-service technology and enable more agile central operations that increase “connection” with the local business environment



2. Restructure BPO contracts to ensure more flexibility in location and volume fluctuation, while empowering BPO's to make more complex analysis and decisions



3. Identify and catalogue any remaining work that requires physical handoff or is paper-based, and develop a plan for automating and digitizing



5. Document lessons learned from business continuity plans that were implemented by design or necessity, and ensure technology, connectivity, and security are included



4. Create a WFH strategy that balances business continuity and employee flexibility while maintaining a strong corporate culture and improving employee engagement



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