GLOBAL FINANCE TRENDS SURVEY

Strategic Convergence: Three Focal Points That Require CIO/CFO Collaboration

As CIOs strive to foster a data-first mindset throughout their organizations, they'll discover that their CFOs are targeting the same objective in their finance groups — to make better decisions and take smarter risks. Protiviti's **2021 Global Finance Trends Survey**, an annual global survey of CFOs and finance leaders, shows that CFOs are strengthening their already-intense focus on data analytics, data security and data governance as they continue to extend their activities beyond the boundaries of the traditional finance and accounting function. These expanding responsibilities will sound familiar to CIOs who are advancing their own innovation activities to bolster their strategic contributions to customer-experience enhancements and their involvement with product development, agile/rapid ecommerce and digital rollouts.

CIOs have long counted on CFOs to fund information technology (IT) as a critical tool to support business priorities, with a focus on creating an intelligent IT core that is an agile backbone for digital operations and which enables them to incorporate disparate innovation initiatives while eliminating technical debt. CFOs trust their IT partners to equip them with the data, tools, expertise and innovations they need to continually hone their forecasting and other increasingly real-time business analyses. CIOs and CFOs have always needed to align on their separate mandates. But given the rapid evolution of both domains, there are more opportunities not only to align, but also to work together on strategic focal points that truly drive the business.

CIOs should identify specific ways in which CFOs are evolving beyond finance and find finance/IT convergence points that allow for collaboration and promise to deliver the most value to the enterprise. These technology-related endeavors sit atop CFO priority lists:

- **Accessing and leveraging new data to drive business goals:** The ability of CFOs and finance groups to address their expanding priorities depends on the quality and completeness of the data they access, secure, govern and use. With more data allowing companies to create more effective analytics and AI solutions, finance chiefs are creating and updating roadmaps to leverage this data for investments in robotic process automation (RPA), business intelligence tools, AI applications and other types of advanced automation, along with the cloud technology that serves as a foundational enabler for these advanced finance tools. These investments are designed to satisfy the need for real-time finance insights and analysis among a growing number of internal customers. Organizations are finding that it's no longer a strategic advantage to know and understand their data better; it's a matter of survival. While younger companies start out already data driven, companies that are older and more established are having to make a shift in the way they think, operate, capture and secure data in order to compete successfully.

- **Developing long-term strategies for protecting and governing data**: As many executives know, with the significant change of a major crisis and the associated digital transformations, there are corresponding cyber risks. For example, the transition to an at-home workforce has proven to increase cyber risk despite the perception of increased safety. CFOs are now refining their calculations of cyber risk while benchmarking their organization's data security and privacy spending and allocations. More and more, data used by finance to generate forward-looking business insights is sourced from producers outside of the finance group and the organization, such as groups that monitor the organization's web site activity. These external data sources are treated much differently than internal sources, from a security and privacy standpoint. And CFOs are aware that many of these data producers lack expertise in disclosure controls, and therefore need guidance.
- **Sharpening and expanding forecasting:** Finance groups are overhauling forecasting and planning processes to integrate new data inputs from new sources, so that the insights produced are more real-time in nature and relevant to more finance customers inside and outside the organization. Traditional key performance indicators (KPIs) are being supplemented by key business indicators (KBIs) to provide sharper forecasts and viewpoints concerning supply chain performance; environmental, social and governance

Keeping those priorities in mind, CIOs will discover new opportunities to collaborate with their finance counterparts in areas where IT and finance have increasingly shared strategic interests, such as:

- **Data governance:** CIOs and CFOs recognize that new analytics platforms, data-warehousing platforms and other cloud-based additions to their tech stacks introduce additional complexity to data governance and information security capabilities. This growing urgency, along with the finance group's data mindset, can help overcome any previous reluctance to fund data governance initiatives, especially those that did not show immediate returns on investment.
- **Advanced analytics:** CFOs continue to advance their planning and forecasting offensive, and they can use help from their IT counterparts in deploying predictive models and analytics. Developing a next-gen forecasting capability is a complex endeavor that requires the coordination of numerous processes, along with new tools, data sets and relationships. Data quality is also a crucial risk that requires mitigation.
- **ESG:** Once initial ESG reports have been completed from a compliance perspective, more CFOs shift their focus to one of the CIO's traditional areas of expertise: improving data quality and collection and information-sharing, as well as providing key analytical insights, so that ESG information drives positive

behaviors and outcomes throughout the enterprise. CIOs can share their data quality expertise with CFOs to help enhance the quality and accuracy of ESG data and the metrics they fuel.

- **Cloud FinOps:** As organizations embrace the automated scalability of cloud native applications, there is an increasing need for enhanced visibility into, and financial rigor of, the cloud environment. Establishing a FinOps function where finance, the business and IT come together to provide financially smart architectures and codified governance practices can unlock new horizons of business insight.

In closing, what is most interesting about the results of this survey is that the top priorities for CFOs are not specifically finance or transaction related in nature, but are centered more around technology, security, data, automation, and areas that are going to enable finance groups to become next-generation finance organizations and to operate in a technology-enabled manner driven by data. These issues certainly are areas in which the CFO should be partnering with their CIO and CTO colleagues to build in the right capabilities to enable these areas to be developed and grow successfully within the finance organization. Said another way, these things can't happen within finance without involvement from the CIO organization, so CIOs should strive for a collaboration partnership to ensure that they're supporting their CFOs and finance organizations in the right manner.

Interested in learning more? Further insights and our full report, *Security, Data, Analytics, Automation, Flexible Work Models and ESG Define Finance Priorities*, are available at Protiviti.com/FinanceSurvey. And to read more about key technology challenges companies are facing, as well as new and emerging developments from our research projects, visit our *Technology Insights* blog.