

CFO Perspectives: Unlocking Insights Through Conversation

CFO's Beyond Figures – Steering
Businesses into the Future

2^o
edition





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A man with short, graying hair, wearing a red button-down shirt, is seated at a table and speaking. He is gesturing with his hands, which are clasped together. The background is a blurred office setting with a white wall and a black object hanging on it. The overall tone is professional and conversational.

Welcome to "CFOs Beyond Figures – Steering Businesses into the Future," the second edition of the CFO Perspectives: Unlocking Insights Through Conversation e-book series.

In this exclusive content curated by SAP and Taulia, we delve into the evolving role of the CFO. Through candid conversations with financial executives from around the globe, we offer a deeper understanding of their perspectives, challenges, and strategies.

Join us as we explore the multifaceted role of the CFO in shaping the future of business.



Interviews



Tércio Garcia

VP Finance and Operations
Latin America, Cengage Group



01. Looking to the future, how do you anticipate the CFO's role will change, and in particular, do you expect the CFO's role to be even more critical in shaping overall business?

CFOs will continue to follow the journey of transformation. They are responsible for the financial management of a company and their fiduciary responsibilities: compliance with current laws and regulations. In addition, these professionals are collaborating with other departments to formulate strategies that aim to continuously expand the business.

It will be even more common for CFOs to become CEOs, due to their privileged vision of the whole business, its risks, and the essential elements for generating value, as well as their concern with transformation strategies, mostly through the use of technology.

The CFO will greatly contribute to the success of organizations by spreading a culture of data-based decisions focused on value creation, promoting a balance between caring for people, and implementing technologies that provide simplification, standardization, greater precision, and agility in decision-making.

02 . How can CFOs efficiently collaborate with HR, IT, and other departments to integrate an essential digital mindset into the business?

Promoting integration between HR, IT, and finance is essential. The creation of a good strategy will involve a chain of assets, both emotional (human beings) and technological (data and information), as well as customers and their experiences.

CFOs must encourage all areas to use methodologies that enhance agility, such as integrating internal processes with corporate objectives and pursuing excellence in customer experiences. As technology and business models rapidly evolve, how are companies addressing talent gaps through reskilling? Additionally, how can CFOs support their organizations in developing a team with the essential skills for today's digital landscape?

All companies must address this need. Large companies are required to develop technological skills internally, focusing on continuous training of

their employees in emerging technologies, not only in the financial department but also in all areas of the company. Meanwhile, smaller companies have sought to hire specialized services to meet this need.

The CFO can contribute to this development:

- By acquiring general knowledge about emerging technologies and their applicability, thus leading by example.
- Fostering this need and supporting team development through one-to-one conversations with each employee (directly and/or through their management team), establishing development objectives with clear metrics.
- Ensuring that the issue takes a central place in discussions and implementation of strategies and consequently in the definition of spending budgets and related investments.

03 . Could you share some actionable insights to lead finance transformation and functional improvement?

It comes down to doing a realistic assessment of the digital proficiency within your finance organization as well as looking at how the entire organization (not just finance) goes digital together. But with digital proficiency, you can't forget the impact on the biggest asset in finance: your people.

Assessing the skillsets and capabilities, as well as training required, is also essential. In addition, for automation or technology transformations to succeed, they need to be jointly owned by finance, business, and IT.

They simply don't work in isolation. The most effective leaders dedicate a large number of resources to technology. Strong finance teams are very good at the storytelling around the data.

I can't outline every scenario, although the ones that would stand out were inflation, higher interest rates, geopolitical tensions, and the big question of whether there will be a recession.

They can vary across a geography or industry, but the concerns always remain.

So, in tackling these concerns, we often talk about how can we lead our organizations to be more efficient and, of course, the role model in leading change and transformation in order to cope with any macroeconomic scenario that comes our way.



Simon Neville

Non-Executive Adviser to Taulia,
and former Group Treasurer,
Reckitt Benckiser Group plc.



01 . Looking to the future, how do you anticipate the CFO's role will change, and in particular, do you expect the CFO role to be even more critical in shaping overall business?

Looking ahead, the role of the CFO is likely to undergo several transformations driven by technological advancements, risk events, and changing stakeholder expectations. It is likely that the CFO's role will become even more important in shaping the overall business.

1. Strategic Leadership: An expectation that they continue to evolve beyond their old finance and accounting functions and take on a more strategic role in guiding the overall direction of the company. This will involve providing insights into risk management. With so-called black swan events and climate change impacts becoming more frequent, and severe, business models will need to innovate and use the deployment of AI solutions and strategic investments to get up the curve.

2. Data-driven Decision Making: With the proliferation of AI, big data, and analytics tools, CFOs will play a vital role in leveraging data to drive decision-making across businesses using advanced analytics for forecasting, pre-empting market trends, and optimizing resource allocation.

3. Digital Transformation: CFOs will be at the forefront of driving digital transformation initiatives and be responsible for implementing cloud-based financial systems, and the automation of repetitive tasks through AI and robotics.

4. Risk Management: In an increasingly volatile world, the CFO must be proactive in identifying and pre-emptively managing risks, including financial, operational, regulatory, and cybersecurity risks.

5. Stakeholder Communication: CFOs will continue to play a crucial role in communicating financial performance and strategy to various stakeholders. As stakeholders demand greater transparency and accountability, the need to provide clean and clear communication will be essential.

6. ESG: CFOs will be responsible for integrating ESG into financial reporting and decision-making processes. They will report environmental and social impacts, especially Scope 3 emissions, comply with regulations, and integrated sustainability into corporate strategy.

7. Business Model Innovation: CFOs will need to be agile and adaptable in response to rapidly changing and challenging market dynamics and disruptive technologies. This may involve evaluating new models, exploring partnerships and collaborations, and reallocating resources to capitalize on emerging opportunities.

Overall, the role of the CFO is likely to become even more critical in shaping the overall business to help navigate an increasingly complex and dynamic environment. CFOs who embrace technological innovation, strategic thinking, and a holistic approach to business risk management will be best positioned to drive long-term sustainable value creation.

02 . Are artificial intelligence and other technologies perceived as both a threat and an essential ally in navigating today's market unpredictability?

Yes. AI and Fintech are expected to fuel growth from accessible mobile banking right up to credit decisions, and it is becoming clear that Fintech can accelerate economic progress and empower individuals.

THREATS:

- 1. Job Displacement:** AI and automation may replace jobs, requiring reskilling.
- 2. Ethical Concerns:** AI raises issues of data privacy, bias, and misuse.
- 3. Security Risks:** AI systems are vulnerable to data breaches and cyberattacks.

ESSENTIAL ALLIES:

- 1. Data Analysis:** AI helps extract insights for strategic decisions.
- 2. Predictive Capabilities:** AI predicts market shifts and disruptions.
- 3. Automation:** Streamlines workflows and enhances efficiency.
- 4. Innovation:** AI fosters product innovation and competitive advantage.

In conclusion, while AI poses risks, it also offers opportunities for growth and innovation. Managing risks and investing in skills development are essential for maximizing benefits.

03 . Effective communication is vital for CFOs to engage with both internal and external stakeholders, such as investors and board members. What other essential soft skills are required for CFOs nowadays, and why?

In addition to effective communication skills, modern CFOs require a range of essential soft skills to effectively navigate the complexities of their role and contribute to the success of their organizations. Here are some other crucial soft skills for CFOs and why they are important:

1. Leadership and Influence: CFOs must have strong leadership skills to inspire their teams and drive innovation within the organization.

2. Strategic Thinking: It is crucial for CFOs to possess strategic thinking skills to align financial objectives with business goals and identify growth opportunities.

3. Problem-solving and Analytical Skills: CFOs need to address complex financial challenges, assess risks, and make informed decisions.

4. Adaptability and Resilience: They must be able to adapt quickly to changes in the business environment.

5. Emotional Intelligence: Interacting with a variety of stakeholders requires emotional intelligence to build relationships and manage conflicts effectively.

6. Ethical Integrity: CFOs must maintain high ethical standards in financial reporting, decision-making, and regulatory compliance.

7. Cross-functional Collaboration: Effective collaboration with other functional areas is essential for achieving business objectives and driving organizational performance.

Overall, possessing a diverse set of soft skills in addition to technical expertise is essential for CFOs to excel in their roles, lead their teams effectively, and contribute to the overall success and sustainability of their organizations in today's dynamic business environment.



Rene Ho

CFO, Taulia



01 . Looking to the future, how do you anticipate the CFO's role will change, and in particular, do you expect the CFO's role to be even more critical in shaping overall business?

The CFO will need to play a larger and larger role in shaping company strategy and managing risk. Eventually, strategies need to be funded.

The more the CFO understands and shapes the strategy, the more funding can be appropriately allocated and adjusted based on how the strategy plays out. Risk is ever-changing.

Whether it be regulatory risk, geopolitical risk, competitive risk, or even climate change, the CFO needs to understand the threats and create opportunities for the firm.

02. What are the ways in which your role as a CFO has evolved in response to the current market challenges?

As we grow and gain traction, Taulia needs to mature and scale. My role has evolved since I first joined Taulia. I first started managing Finance and HR, then added Legal and Risk, and also had executive sponsorship responsibilities for some customers and our banking relationships. Now, with Product, Engineering, and Delivery responsibilities, my role is to help scale Taulia.

Ultimately, this will enhance the financial results. But first, we'll be able to serve our customers more effectively and consistently.

03. Would you agree that effective talent management is critical for CFOs, given the demand for new skills and talent in a digital finance function?

100%. All C-level executives, not just CFOs, need to develop new skills, adapt to the changing environment, and lead an organization of diverse talent. The requirements of the workplace are changing with a greater emphasis on digital, automation, and AI. Yet, even with these skills, people are expected not to be robotic and to be thoughtful of using this technology. Also, more and more so, talent is looking for something more meaningful in their jobs. The environment cannot be “just a paycheck” or else their talents will not be best utilized. With the right environment, people will do their best work and enjoy what they do and the people they work with.



Christian Hecker

SVP, Chief Revenue Officer
for oCFO solutions, SAP



01. Looking to the future, how do you anticipate the CFO's role will change, and in particular, do you expect the CFO's role to be even more critical in shaping overall business?

Surveys show that the CFO's role is rapidly evolving — expanding in scope, requiring new capabilities, and being seen as a strategic advisor of the managing board - a kind of financial co-pilot for the company. The CFOs I talk to always ask these questions:

- 1. How do we grow the business?**
- 2. How do we cut costs sustainably?**
- 3. How do we make the most out of our cash?**

So, the role is changing from reporting news to enabling the news together with the business and becomes even more strategic to the company. In parallel, the speed of new business models emerging is breathtaking and finance leaders are exploring how to support the businesses accordingly. Additionally, close to my heart, ESG (environmental, social, and corporate governance) has become an important topic for investors, and CFOs are excited about what this could mean for their role beyond reporting, predicting outcomes, and business model innovation.

02. How can the finance function leverage AI, analytics, and other technologies to manage today's market uncertainty effectively?

In my mind, we are at an exciting time in technology and how we use it. In my time leading our internal data and analytics function a couple of years back, we took great steps in using ML (Machine Learning) to predict the uncertainty of the market. Even during COVID, the models adapted quickly to the change and helped to navigate SAP through uncertain times. I see the same out there with our customers. Through standardization and harmonization, companies freed up capacity and they're investing it now for the next level of insights.

This is a completely new game. With LLMs (Large Language Models) and business AI, we are now able to allow our end users to completely interact differently with their IT systems. Instead of looking for answers to our questions, we can now explore them together with the system, where the system helps us understand the business growth opportunity or where the issue or root cause of a certain error is AND how to fix it.

Take exploring an investment into a new market as an example. We will be able to ask the software in which country we recognize our revenue, how competitors are doing, and what scenarios the software recommends to explore in order to increase the business. In the end, there will be still human beings making the decision.

We will also quickly see simple small steps that will boost productivity, particularly in finance functions. For example:

- During the month-end close, the system tells us where the issue is when closing the books and how to fix it.
- Or we ask the system to change the quantity of a specific material in a specific sales order from 40 to 50 units.

03 . The alignment of CFOs and CIOs toward digital transformation yields a significant competitive edge. Is insufficient communication between these professionals still a major obstacle in technology implementation (balancing complexity and costs)?

For me, both roles play an absolutely crucial part of the digital transformation. The CIO and the team behind are uniquely equipped to identify how the software fits the business needs of a company, while the CFO wants to see tangible results discussed earlier: grow the business, cut costs sustainably, and make the most out of their cash.

When we discuss the move to a Cloud ERP, both realize the value this can bring to their business.

The CIO is not busy with keeping the lights on in a complex system landscape, but can rather focus on enabling innovation to the company's business units.

Meanwhile, the CFO ensures that there is an experienced team, learning from thousands of customers every day how to keep the system stable, the data secured and protected, and the company compliant.

If both are working together and understand each other's requirements, we will see great things happen on the customer side.



Thomas Mehlkopf

General Manager and Head of
Working Capital Management
CoE, SAP



01 . Looking to the future, how do you anticipate the CFO's role will change, and in particular, do you expect the CFO's role to be even more critical in shaping overall business?

In an ever-changing world where agility is as much needed as strong analytical skills to make the right strategic decisions based on data-driven insights, I have no doubt that the role of the CFO as the strategic partner of the CEO will further increase. COVID has shown this in many companies already.

In my discussions with customers, I see the role of the CFO evolving in many companies from financial stewardship to driving growth and ensuring the company's resilience and long-term value creation.

Concepts like zero-based transformation budgeting treating all expenditures as investments are gaining popularity to ensure investments are made into strategic growth drivers. Certainly, many CFOs are showing strong success in managing the Finance transformation, making them the ideal candidates to lead enterprise-wide transformations.

02 . What benefits can be achieved from the integration of artificial intelligence into working capital management?

Integrating AI into working capital management tools and more broadly cash flow management can bring significant benefits. With the help of AI, you can predict your cash flow more accurately and efficiently, monitor your inventory performance, automate your invoicing process, negotiate better terms with your suppliers and customers, manage collection and dispute processes faster, and leverage alternative financing options.

By analyzing historical data, customer behavior, market trends, and other factors that affect your inflows and outflows, AI can help you plan ahead, make informed decisions, and adjust your budget accordingly.

With AI, you can, for example, reduce your inventory costs by better planning your demand or use AI to communicate with customers to close any disputes and collect money faster, all with the aim of freeing up cash. Moreover, AI can generate

and send invoices faster, track and follow up on payments, match payments with invoices, and detect and prevent fraud, errors, or disputes.

AI can also evaluate the creditworthiness, reliability, and profitability of each party, propose the best payment terms, discounts, or incentives for each transaction, enhance your bargaining power, reduce your costs, and increase your margins. By leveraging alternative financing sources, such as invoice factoring, supply chain finance, or peer-to-peer lending, AI can also help you access more flexible and affordable financing options and improve your liquidity and solvency.

McKinsey is expecting generative AI alone could add the equivalent of \$2.6 trillion to \$4.4 trillion annually across 63 use cases that were analyzed—by comparison, the United Kingdom's entire GDP in 2021 was \$3.1 trillion. There are many use cases in the area of cash flow and working capital management that drive part of this value.

03 . How does Taulia use disruptive technologies, such as AI and analytics, in its solutions? Could you give some examples?

Taulia was **born** from the problem of suppliers needing access to liquidity - we use technology to solve that problem. Since then, we've grown, allowing us to handle very sophisticated working capital challenges.

For customers, it is important to know if their strategy is achieving their cash flow and working capital goals. Taulia uses AI to provide a realistic set of options and goals for businesses on our network.

Unlike alternative options in the market, where measurement is difficult and the process manual, Taulia can track success accurately and automatically.

Along with the AI-driven scenarios we develop, Taulia can help businesses pivot to address changing conditions and act with confidence and a clear understanding of expected outcomes, based on data that isn't estimated and can't be altered.

We harness millions of pieces of transactional data across our network to understand how suppliers will behave. This is not something that can be fudged or estimated. It's real transactional behavior. Develop working capital plans, and then, as business conditions change, adjust accordingly with a full, detailed plan and the agility to change and meet your new goals.

CFO's Beyond Figures

Digital transformation is indispensable in finance for staying ahead in a rapidly evolving digital landscape. By integrating AI tools and systems, financial processes become streamlined, slashing manual errors and allowing finance professionals to dedicate more time to strategic endeavors.

This evolution not only enhances operational efficiency but also ensures the alignment of financial services with the dynamic needs of customers and stakeholders, thus fostering competitiveness in today's digital economy.

CFOs have become essential professionals to connect digital transformation efforts across four pillars:

- Planning
- Process
- People
- Technology & Innovation



article.

Revealing AI's Potential: the Role of the CFO

Insights from Thomas Mehlkopf



Thomas Mehlkopf

General Manager and Head of
Working Capital Management
CoE, SAP

The new generation of CFOs must embrace technology, automation, and digitization to revolutionize their financial management. These advancements empower businesses to streamline processes, enhance accuracy, and make more informed decisions.

It's essential for CFOs to remain informed about emerging technologies to set the Finance organization up for the future and drive value for the entire company.

AI algorithms can analyze diverse sources of information, such as market inflation data, news, social media, trends, financial results from large companies, and analysis of public data from governments around the world.



AI tools can also simulate various economic scenarios and how these scenarios can impact the company in terms of revenue, cash flow, and profit. By simulating economic scenarios, companies can draw up more effective contingency plans, more closely reflecting potential market ups and downs.

Another key use for CFOs is as part of expense and travel management solutions. Those who use AI can study how employees spend money, find ways to save, and ensure that everyone follows company spending rules. CFOs can use these insights to spend money smarter, get better deals with vendors, and make everything more cost-effective.

Human participation is essential to making these tools more useful and reliable, and the CFO can play an important role in this regard moving forward.

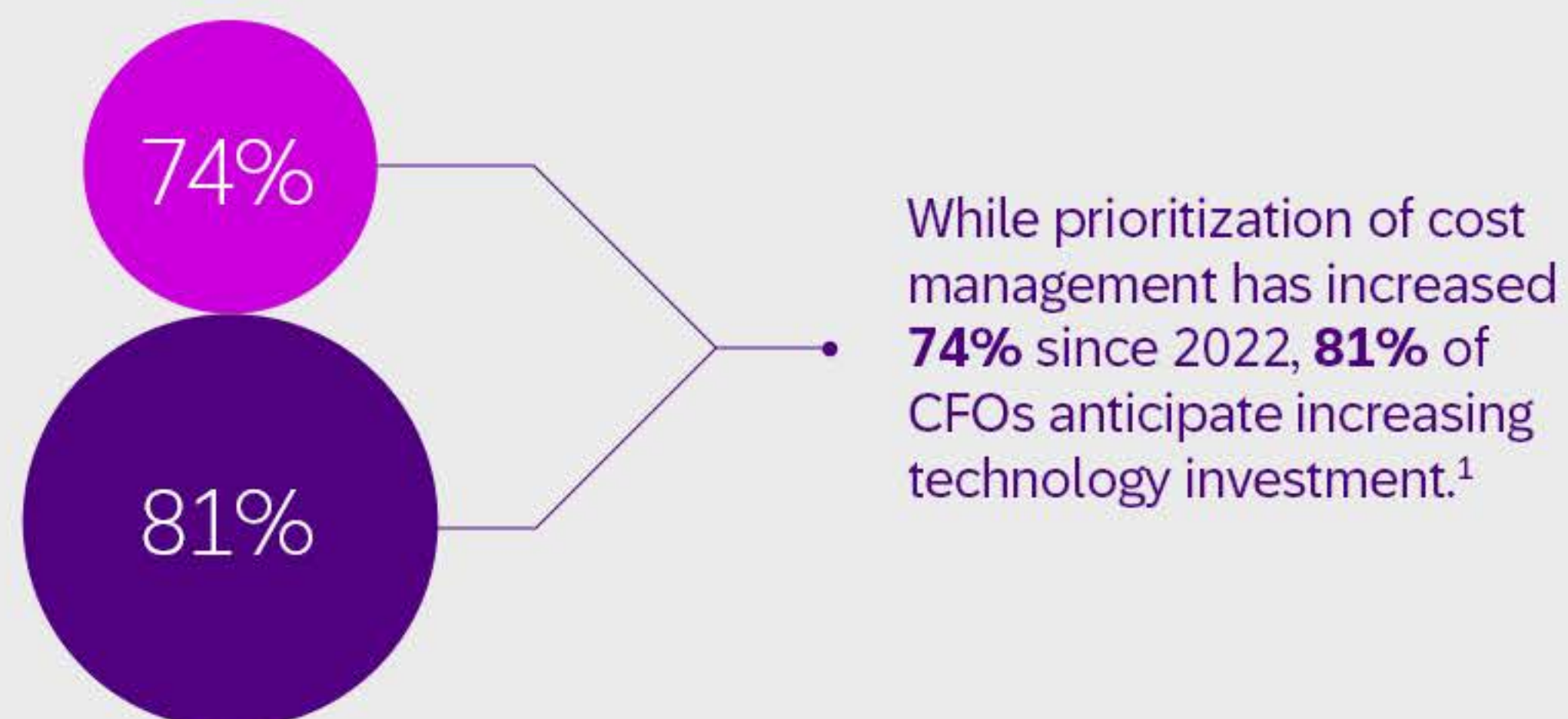
When it comes to the predictions that an AI model produces, individual users can sometimes have misgivings. Having an expert who can create and then explain the models so that users know why the model makes certain predictions can mean that users are more likely to trust the model's advice.

Having human knowledge and expertise when initially designing the model can mean that the results are also more easily understood.

That being said, responsible adoption of AI requires addressing ethical risks, regulations, and talent requirements. In this way, CFOs can be seen as leaders when managing this digital progress.



FINANCE'S EXPECTATIONS FOR AI



72%

72% of financial reporting leaders believe external auditors are ahead of financial reporting functions on using AI and expect AI to enhance audit quality³

55%

55% of financial reporting leaders do not expect AI to shrink teams³

68%

68% say AI will be essential in managing the unexpected.⁴

 Interactive links

¹ Gartner - Top 5 Priorities for CFOs in 2024

² Gartner - Leadership Vision for 2024 – Gartner Top 5 Strategic Priorities for Chief Finance Officers

³ KPMG - AI and Financial Reporting Survey – what are companies doing and where do you stand?

⁴ CFO Insights Report: A New Role in Managing Uncertainty

FINANCE'S CURRENT LEVEL OF AI USE

16%



42%



CFOs in mid-sized firms want to invest in innovation but are struggling and need help. Just **16%** say they are investing in cutting-edge technology such as automation and artificial intelligence (AI), versus **42%** in large firms.⁴

19%

9%

Finance is behind in AI adoption with only 9% using and scaling AI vs. 19% in other admin functions.²

67%

67% of Finance functions have concrete AI implementation use cases or are already using AI in production.²



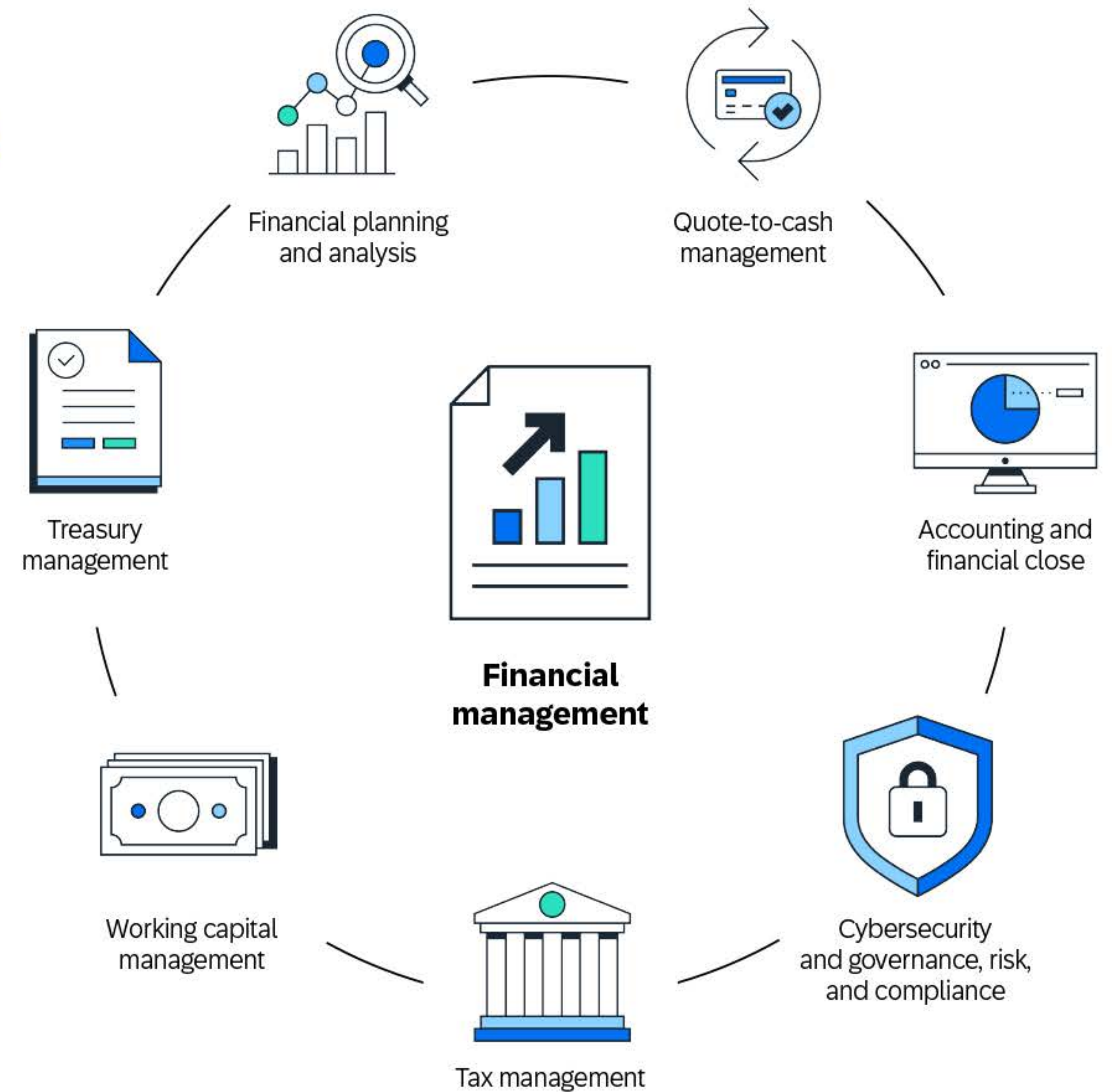
SAP Financial Management Solutions in a Nutshell

SAP Financial Management Solutions in a Nutshell

Unlock the potential of your finances to deliver new business models, optimize working capital, increase efficiency, and reduce risk – all while creating positive social and environmental impact.

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1. Financial and analysis (FP&A)

Enhance business agility through integrated FP&A applications, seamlessly linking financial planning, budgeting, and forecasting with your SAP cloud systems for all business sectors.

2. Accounting and financial close

Optimize accounting with automated workflows, speeding up reconciliation, consolidation, and book closing. Ensure compliance and simplify regulatory reporting.

3. Tax management

Governments are implementing regulations promoting data digitization and transparency. SAP solutions aid in local compliance, automate processes, and facilitate smarter tax decisions, reducing tax burdens.

4. Treasury management

Enhance business agility through integrated FP&A applications, seamlessly linking financial planning, budgeting, and forecasting with your SAP cloud systems for all business sectors.

5. Quote-to-cash management

Accelerate monetization and billing of new business models with a single quote-to-cash solution for one-time and recurring billing of products, services, projects, subscriptions, usage plans, and more.

6. Governance, risk, compliance (GRC), and cybersecurity

Use predictive insight to take early preventative measures against anomalies and potential risks with embedded intelligent controls and risk management.

7. Working capital management

Optimization of working capital across payables, receivables, and inventory, boosts cash flow for your business network. Freeing this value can also support with the growth of business, meeting financial obligations, investment in R&D, and optimization of capital performance.



Recommended Content

The evolving role of the CFO as the guardian of performance and value, and your financial copilot.

With nine out of ten CFOs projecting higher AI budgets in 2024, how will the integration of AI in business impact the skill sets required for the CFOs? How can AI bring benefits to the day-to-day financial processes including working capital management? And what are some of the things that we need to keep in mind to ensure relevant, reliable, and responsible business AI?

In this episode of One Vision, discover how AI can transform the future of work and the collaboration between CFOs and CIOs in driving digital transformation.



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Top 5 Finance Priorities for
CFOs in 2024

eBook

2024 Leadership Vision

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What Makes a Great CFO?

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Leadership Vision 2024: CFO Report

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