MASTERING DIGITAL TRANSFORMATION
FOR THE CFO AND CIO

In partnership with

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Introduction

Our 2018 Digital Transformation Index, released last July, was one of the most comprehensive reports of its kind on digital technology adoption among business organizations. While we found that some 76.6 percent of companies described their relationship with technology and digital transformation as generally average or above average, just over 40 percent of companies reported having a dedicated digital transformation team in place. IT, Customer Service, and Marketing are adopting tech more quickly than their counterparts in HR, Finance, and Legal, but we're starting to see organizations realize that digital transformation is a company-wide undertaking, and that success is reliant upon the partnership and collaboration between the CFO and CIO.

At the most basic level, digital transformation is about efficiency. Companies these days are seeking that efficiency by eliminating legacy systems and moving to cloud-based services such as Financial Management and Human Capital Management (HCM) platforms.

On the surface, this makes sense. Roadblocks arise early on in enterprise software deployments, however, if these cloud-based components are siloed in the departments that are using them. They may be maximizing departmental efficiency, but damaging enterprise congruence.

To work well, digital transformation must focus on knocking down silos rather than strengthening them. If a business purchases and operates systems in a vacuum, they will be undermining digital transformation efforts from the start. At the worst, such implementations can create major flaws in a business' core operations.

From Silos to Synchrony
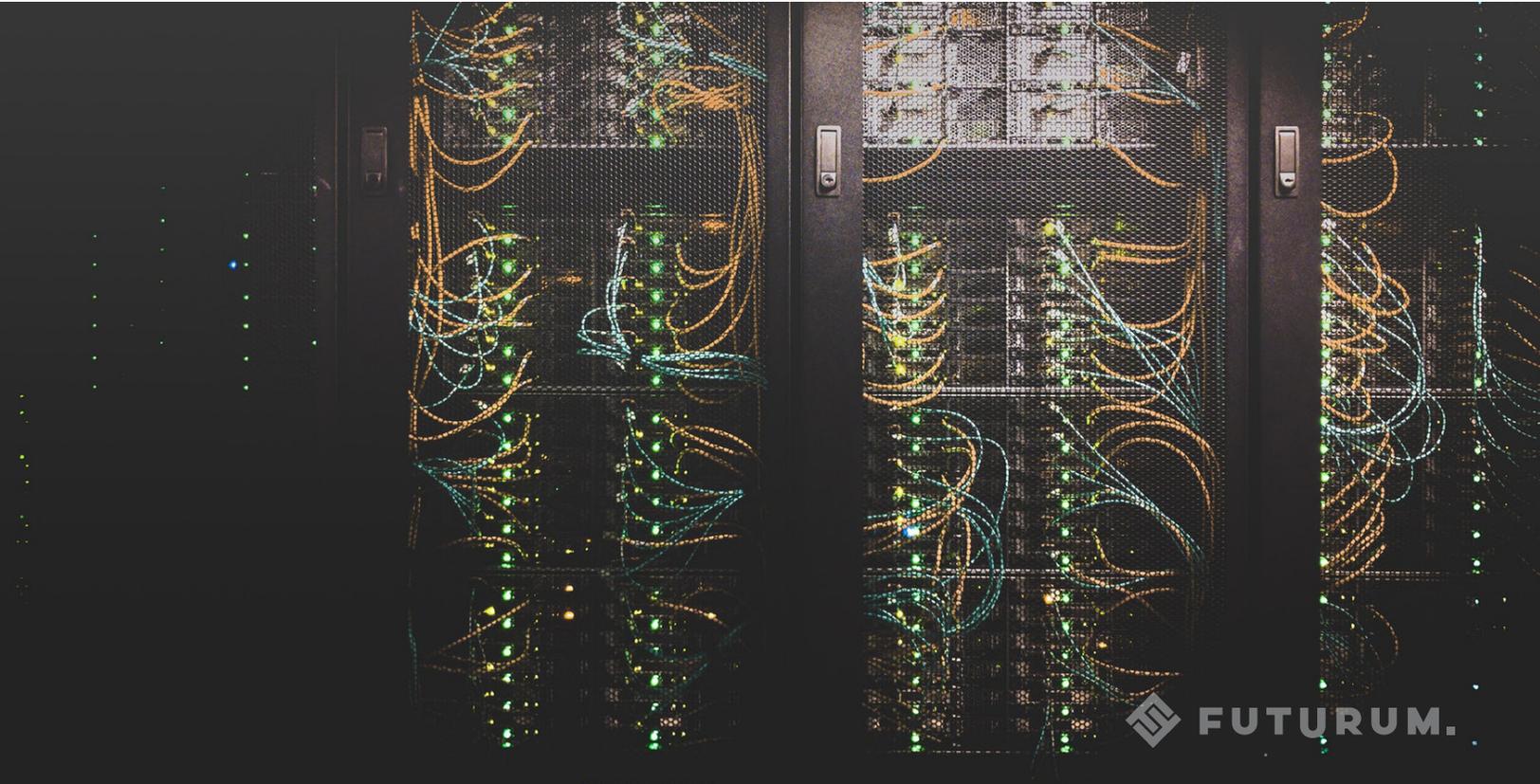
Enterprise Resource Planning (ERP) is the integrated management of all core business practices—finance, HR, and business planning—using AI, machine learning, and other technological support. In other words, an all-encompassing cloud ERP solution offers management capabilities for finance, project management, HR, payroll, and more. It effectively runs the entire operation, allowing different departments to use the same data—free of silos—to make better decisions for the business as a whole. This is why it's critical that today's companies focus not just on HCM platforms and financial management. Instead, they must begin to focus on ERPs.

At Futurum Research, we aren't acronym hacks. We don't recommend buzzwords. Rather, we recommend solutions that we see, through quantitative research and real-life use cases, that move

companies forward in digital transformation. That's why discussion of ERPs is important in today's digital ecosystem.

One of the hurdles in implementing ERPs is often a disconnect between CIOs and CFOs which, when examined closely, is easily overcome. Just like HR, much of the finance department's work today is a series of repetitive and ongoing processes. These types of processes—month-end closings, financial reporting, receipt verification, investment management—are things that can and should be automated. Forward-thinking businesses are saving millions of dollars by eliminating legacy systems and moving HR and finance functions to the cloud with enterprise-wide business planning.

Is your company ready?

FUTURUM. TECHNOLOGY INSIGHTS
FOR BUSINESS LEADERS

State of The CIO and CFO Relationship

Successful digital transformation within the enterprise requires collaboration between CFOs and CIOs. This includes exploring the critical connection points between finance and IT that can help their departments better meet business goals.

IT leaders' top priority is keeping their organization's data safe and private. While they look to increase technology investments and push the envelope, they are also charged with securing and protecting the customers, the employees and the company's intellectual property. These multiple responsibilities make it difficult to pursue new innovations without disrupting the business.

CFOs' responsibilities have historically been financial ones, with a focus on setting budgets and maintaining profitability, while keeping the organization compliant with data protection rules. Balancing this mindset along with more strategic ambitions of providing insights back into the business and helping set the stage for change within the enterprise can be a daunting challenge—not to mention a significant change—for them.

CFOs and their CIO counterparts need to work together to fully take advantage of the benefits of cloud technology. Although their responsibilities differ, their priorities converge. They want the success, growth and profit that come with a data-driven enterprise.

Fortunately, we are seeing a strengthening of the relationship between the CIO and CFO within many enterprises. In an EY study on the state of the CIO/CFO relationship, CFO-CIO: A Growing

[Collaboration, Partnering for Performance,](#) survey data showed that 61 percent of CFOs reported increased collaboration in the last three years, and some 71 percent of respondents reported increasing involvement in the IT agenda over the same period. We're getting there!

It's also important to note that survey respondents report the lack of mutual understanding between the two still presents a significant challenge. CFOs' concerns are different than CIOs' and understandably so. Finance is responsible for managing budgets and planning for the future, and CFOs often understandably feel hamstrung by legacy technology. They are also aware of the risks associated with deploying a new company-wide system. Likewise, CIOs have reservations about moving to an entirely new system in the cloud. They are also cognizant of the implications this has on the tech stack as a whole, and the level of IT effort required to effect this change.

So each has concerns, and they are valid ones. The good news is that CFOs and CIOs are realizing the need for partnership is paramount in order to drive the process of digital transformation, and this mutual aspiration for the future is achievable together.

Successful digital transformation relies upon collaboration, as well as having the most fitting technology in place. The right ERP system, deployed throughout the enterprise, means that access to data is not restricted or siloed. Real-time information at the fingertips of the teams who need it is available to help guide day-to-day operations, streamline processes, and provide the most accurate data points to drive strategic decisions.

ERP Systems: Where CIOs and CFOs Should Start

While use-cases are still expanding, quality ERPs have already proven their value. Automation to improve processes is the obvious one. Other benefits provided by ERPs include data visualization to help decision-makers better understand the data they're being presented; advanced analytics which empower decision-makers with in-the-moment insights; and machine learning, which shows "hidden" growth opportunities CFOs (and other users) may not have uncovered on their own.

CIOs and CFOs should explore together the aspects of the finance and accounting departments that could be improved by technology and work as a team to find technology solutions that enable change. When processes like month-end closings, financial reporting, receipt verification, investment management, etc., are automated, they can save the business incalculable amounts of time and money.

A cloud ERP is not a "nice to have" for the enterprise today, it's a "must have." Having an ERP that only serves one part of an organization is doing the enterprise as a whole a disservice. The smart play is to engage your CFO and CIO in discussions and begin a dialog around the ways an ERP can help improve processes with business goals in mind. Consideration must be given to costs associated with maintenance of and reliance on legacy systems, and how significant cost savings can result when organizations can adopt one ERP system for finance, HR, and analytics. If your company is going to remain in the game for the next decade, or even the next five years, embracing digital transformation and understanding the value an ERP can and will deliver to the enterprise is key.

With that in mind, let's take a deeper look at ERPs and the benefits they afford.

Simplifying Experiences, Partnerships and Processes

ERPs can help streamline processes across the enterprise. Perhaps even more importantly, they can enable digital transformation by ensuring that all information is digitized, accurate, secure, and scalable across departments. ERPs help simplify digital transformation and make deployment of further digital transformation initiatives—not just financial systems—possible moving forward. Here are six examples:

1. **Become a Data-Driven Organization.** Successful digital transformation is reliant upon an organization's ability to access real-time data in its quest to become a data-driven organization. Data-driven organizations are just that—organizations. That means it's not enough for HR, finance, marketing, and sales to get on board with data. Every department within the enterprise must make an organized, concerted effort to break down silos and collaborate. Legacy systems use cumbersome

processes to deliver analytics, but often any small change eliminates value of the data and ultimately impacts the ability to trust in the system. Using an all-encompassing ERP, all departments can trust and use real-time data from multiple sources, fully enabling the organization to become data-driven.

2. **Use AI and Machine Learning to Transform Employee Experiences.** Artificial intelligence and machine learning play an important role in the ability to deliver more intelligent, more enjoyable experiences. This applies to not just customers, but for employees and users of enterprise software. Digital transformation must take employee experience into consideration because this will drive greater adoption with less internal friction. Many financial operations can be redundant and it can be easy to get lost in the process, rather than the end goal. ERPs allow users

to focus on the end result and the things they're passionate about accomplishing on a day-to-day basis instead of getting mired in the redundancy of repetitive, formulaic tasks. Better employee experiences lead to a more engaged, more committed, more productive workforce, and there's everything to like about that—from every part of the equation.

3. **Add Operational Efficiency.** Having one central system in place for HR, Finance, and planning allows deeper insights, enabling financial leaders to make better predictions and develop and manage budgets and projects more efficiently. CFOs have the ability to recognize trends that many in other departments wouldn't be able to see. But adding the power of a unified system makes them exponentially smarter. Combining all financial data—transactions, accounting, audits, and inventory—into one single location gives CFOs the ability to harness insights that may, and likely will, change planning and business operations.

4. **Consolidation.** Organizations with data siloed in disparate systems can have a tough time accessing the timely insights they need to make smarter strategic decisions. But one source for all your finance and people data puts those actionable insights at your fingertips and helps you drive business value.

5. **Give Security the Priority It Should Have.** Security is and should be top-of-mind for all organizations today. Cloud-based ERP solutions from partners you can trust eliminate the fear that accompanies many technology deployments. Leading cloud-based solutions are the ones that are developed with a data-security first mindset.

Even beyond time and efficiency, it's essential to realize that consolidation into one (or fewer) ERP platform(s), rather than a hodgepodge of programs and other siloed solutions, also substantially reduces the cost of subscriptions and/or annual maintenance of on-premise software, resulting in significant savings for the organization as a whole. Equally significant are the cost savings that can result when organizations adopt one ERP system for finance, HR, and analytics. Once you do the analysis, you'll agree—this is one cost benefit analysis that the ERP wins, hands down.

Conclusions and Recommendations

There are so many reasons cloud ERPs make sense in today's digital marketplace—and none of them are because ERPs are on-trend. If you have a medium or large size organization, I urge you to consider the following as part of the cloud ERP investment plan:

- Real-time analytics are table-stakes when it comes to any organization's digital transformation journey. Every organization needs to be data-driven to survive today and real-time data, easily accessible by those who need it, is critical. Cloud ERPs offer real-time data your company can use to move ahead—and stay ahead—throughout the entire enterprise.

- Cloud ERPs offer peace of mind. There's substantial risk in a CFO managing the company's financial data on his or her own computer—manually. It's not just risky in terms of cybersecurity. It's risky because every other department in the company is making decisions without the benefit of those important financial insights. Cloud-based ERPs keep data safe and accessible to everyone who needs it, allowing for safer and smarter companies overall.

- It's time to start looking at your enterprise as a data ecosystem. It's time to start assuming that data that's important to HR is as important to finance, and likewise as important to IT. A cloud ERP allows you to create that kind of ecosystem and deploy it seamlessly and immediately—at least when you find the right provider. This also becomes foundational to borderless digital transformation efforts that will need to expand beyond just HR, IT and Finance, but with continued evolution into areas like sales and operations.

Once you realize that creating tech to do things the same old way will only get you the same old thing, done faster, it's time to explore an ERP. The real trick is to find a company that can find new ways to make your data work together enterprise-wide, along with achieving alignment between your CFO and CIO. Having these two key leaders working in tandem on defining the technical requirements and operational capabilities of ERP will set the process in the right direction from the get go.

Believe it or not, if your company has not yet begun to implement a cloud ERP, you are at an advantage. You have the ability to learn from the trial and error early adopters have experienced in all parts of digital transformation, including ERP implementation and adoption.

Once you decide to seek a provider, keep the following recommendations in mind:

- Rapid deployment and faster time to value are key. Work with a provider that can provide quick rollout and real-time value. Good information that is old is useless. Good information at the right time is priceless. Work with providers who understand—and value—this.

- On time, on budget need to be vendor promises you can rely on. When you select an ERP partner, you need to understand exactly what services are included in your contract, and what their commitments are to you as a client. Work with vendors with a tremendous reputation for being hungry for process improvement.

- The right ERP systems are more cost-effective and faster to deploy than legacy applications. Still, remember that most companies aren't choosing their ERP based on lowest price. An ERP has the power to revolutionize how your company does business, and how well

it's able to implement new transformational solutions in the future. Do not prioritize bargain software over quality, easy-to-use companies that want to build a relationship with your business.

- Security is and should be top-of-mind for all organizations today. When data and processes are securely protected in the cloud, leaders can focus more on innovation and strategy, and less on risk. If security isn't a priority for the ERP partner you are talking to, run.

- Working with technology partners who are thinking about tomorrow, what your business will need in the future, and how your current systems must evolve to deliver on those needs. Yes, it's great to relieve CFOs and IT leads from carrying their respective burdens, but there is so much more at stake here than any single job or functionality. Think big-picture and long-term in finding a partner that fits your company's culture and needs.

Not sure where to start? You're not alone. Studies show 50 percent of ERP implementations fail the first time around. On average, ERP implementations take 30 percent longer than planned and cost three to four times as much as was initially budgeted! That doesn't need to happen to your business. Companies like Workday have earned strong reputations for creating integrated systems that allow people to take the guesswork out of decision-making. That's what an ERP is all about. What I like about them is that they focus specifi-

cally on making adoption easy. They make ERPs a no-brainer as they focus on personalization, agility, deeper insights, and support of your growth while preparing your organization for whatever comes next—another essential in digital transformation today.

No matter where you are in the process—the days of using disparate systems are in the past—it's time to focus on finding a cloud ERP that can be a springboard for your company's growth.

Learn more about Workday, Inc.

Workday is a leading provider of enterprise cloud applications for finance and human resources. Founded in 2005, Workday delivers financial management, human capital management, planning, and analytics applications designed for the world's largest companies, educational institutions, and government agencies. Organizations ranging from medium-sized businesses to Fortune 50 enterprises have selected Workday.

For more info visit:
https://www.workday.com

CONTACT INFORMATION

Futurum Research, LLC

futurumresearch.com

817-480-3038

info@futurumresearch.com

Twitter: @futurumresearch

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