



The 'Catalysts' of Productivity, Efficiency and Cost-reduction...
that Provide Impetus to the CFO's Role of Building the Organization's Future

From Number Crunching to Building the Organization's Future, the CFO's Role has Changed

It's no longer about number crunching and ensuring that the company's books are in order. Today the global CFO's role is a lot more varied, challenging and demanding. He is often viewed as an 'architect of the organization's future' and is expected to create simplicity from complexities in the business environment. Complexities in terms of:

- Financial pressures on both top and bottom lines
- Multi-level risk mitigation (compliance, business continuity planning, data security and privacy)
- An unpredictable business environment speckled with toughening competition and tightening regulations
- Advent of new technologies and widespread mergers and acquisitions
- Concerns about business agility (scalability, flexibility, information accessibility) and ensuring optimum stakeholder value (market perception, reputation, valuations)

Most CFO surveys and roundtable discussions reveal that driven by the multi-level challenges in the macro environment, the CFO's agenda in the current business environment is focused on achieving the following goals:

- Driving efficient operations to reduce cost
- Improving regulatory compliance and risk management
- Automating F&A processes for better control, transparency, efficiency and better outcomes
- Increasing quality of support from the finance organization to the entire organization
- Creating greater visibility through reliable and accurate information flow
- Generating higher ROI on IT and process improvements
- Communicating effectively with a range of stakeholders – internal and external (media and investors)

Architect of the organization's future



Technology-enablement is a Necessity – Is ERP Enough?

As the CFO's Finance and Accounting (F&A) organization strives to achieve evolving business goals, technology enablement and automation become imperative, to an extent that no CFO's office can operate efficiently without some form of automation or technology enablement. The F&A organization that deals with the value-based representation of business processes and is tasked with planning, controlling and checking the value flow in an enterprise, relies largely on the ERP system.

Most CFOs round the world, work with at least one form of the ERP system, the investment for which runs into millions of dollars. The proliferation of ERP within large as well as mid-sized enterprises has been phenomenal in the past two decades. The book *Management Accounting in Enterprise Resource Planning Systems* by Severin Grabski, Stewart Leech, Alan Sangster, states that about 90% of large organizations have implemented ERP systems. Given the hefty investments, the cost associated in re-alignment of business processes, and re-training of employees, CFOs obviously look at getting the most out of their ERP systems. CFO expectations from ERP and IT applications range between the following:

- Ability to seamlessly support core financial processes (R2R, P2P, O2C, asset lifecycle and tax management), end-to-end. Important to eliminate time-consuming bottlenecks and adding on new functionalities easily and at lower costs
- Ability to forecast accurately
- Helping control costs and enhancing productivity
- Ensuring integrity of data – data flows of all transactions
- Ability to provide data that is easy to understand and audit and making real-time analysis easy and less time consuming
- Helping compliance with current regulations and standards

However, despite the utility value of ERP, increasing business demands and constant maturity in processes and systems have exposed certain inherent limitations of the ERP system in addressing end-to-end process automation.

Giving the F&A ERP a New Lease of Life with "PETS"

The standard and modular nature of ERP systems leads to challenges when it comes to addressing business needs which are not part of the standard ERP module. Instances include managing multiple purchase scenarios apart from the in-built standard purchase module and tax accounting. Also, ERP systems do not have capabilities to automate manual



processes of the cash flow cycle such as Accounts Payables and Accounts Receivables. While ERP is great for exercising control and ensuring integration, it may not have the ability to manage new and emerging business needs.

As a business process management partner for many global CFOs, we at WNS have seen two scenarios emerge out of this limitation:

- One, F&A organizations typically deal with these exceptions and customizations outside of the ERP, many times through paper-based and manual processes;
- Two, implementation of what Gartner terms as PETS or Process Enhancement Technologies and Services.

While the first option causes inefficiencies, loss of productivity and in many cases audit and control issues, the second translates into key benefits in the form of reducing workload and operating costs, enabling vendor self-service, auto reconciliations and automated reports, optimizing production processes, eliminating human errors and ensuring better compliance.

According to Gartner, "F&A BPO PETS are supplements to a client's existing ERP suite and suite of suppliers. Some are "off-the-shelf" applications and some are "home built" applications in the F&A BPO providers offering. The options for F&A BPO architectures will increase dramatically in the next five years with the growth of cloud technologies, especially software as a service, and business process as a service, which will increase the choice for using multiple PETS in an F&A BPO relationship."

Catalysts of Productivity, Efficiency and Cost-reduction – the PETS Link

For most CFOs:

- Ability to use finance technology to make better organizational decisions and enhance productivity
- Timely information and standardized processes for increased efficiency
- Speedy access to reliable data for regulatory compliance and reporting
- Cost-effective solutions that provide added functionalities to existing IT infrastructure – to ensure cost-effectiveness and enhanced productivity

...are the true catalysts or enablers of productivity, efficiency and cost-reduction. A close look at the CFO's expectations reveals that PETS play a crucial role in achieving the productivity, efficiency and cost-reduction objectives of the CFO.

We at WNS carried out a study recently where we found that by deploying PETS productivity, cost-reduction and efficiency can be improved by up to 30% and when PETS is integrated with the Process Maturity Model, the enhancement improves to about 55%. WNS uses the Process Maturity Model to business processes from their current state of affairs to higher levels of maturity, thereby enhancing the impact created by PETS.

For more information on how PETS and the Process Maturity Model can make a difference to your business write to us at marketing@wns.com

To know about WNS's Finance and Accounting Outsourcing solutions, please [click here](#)