Chief Financial Officers – Priorities in 2017

Summary of the survey

400 Respondents
50 Chief Financial Officers interviewed
2 Round tables
## Contents

**Editorial** 3

**Presentation of the survey** 6
- Acknowledgements 7
- Methodology 8

**Summary of the survey** 9
- Ranking of priorities in 2017 10
- Transformation of the Finance Function 11
- Digital Transformation 13
- Human Capital 17

**Contacts** 20
- Financial Departments interviewed 21
- PwC & DFCG 22
Editorial (1/2)

Pascal Corcos

Partner – Finance Competency Leader

This year, more than 400 respondents answered an online questionnaire for the new edition of the DFCG-PwC Chief Financial Officers – Priorities in 2017 survey, which is a 50% increase on last year. More than 50 interviews were also carried out and the highlights are available on the survey website, www.pwc.fr/priorites-2017-directeur-financier.html

The figures speak for themselves. Today's Chief Financial Officers are communicating more than ever before. In the current digital era, the need to share and compare market practices with your peers has never been stronger.

New shift in rankings

Perhaps the most striking factor in the 2017 survey is that, for the first time since it was launched five years ago, the way you rank your priorities has changed.

Top of the list today we have Performance & Risk Control, which has slid ahead of Predictive Management, with Development Strategy rising ten points to take third place ahead of Cash, Liquidity & Finance.

But why the change now after five years of unwavering stability?

While the drop in rank for Finance can largely be explained by the current financial market backdrop, particularly the fall in interest rates, the lower value assigned to Predictive Management reflects the conclusions of the work already carried out by companies.

Predictive Management remains essential and a great deal of time has already been invested in this area. It is, however, a difficult exercise, and one that requires a great deal of work from teams – sometimes to the detriment of adequate Performance & Risk Control analysis. Despite this, the fact that Predictive Management was ranked the no. 2 priority shows that you obviously continue to rate it as crucial and still in need of improvement when it comes to automated data collection, depth of analysis and communications.

The shift in priorities also clearly reflects your misgivings as to predictive management as a method because it is not an end in itself. It is simply a tool designed to achieve the best possible performance, something which is only possible through Risk Control.

Transformation of the Finance Function: a major challenge

Another clear finding is that you are aware of the importance of launching and/or pursuing a real transformation of your function as part of the global Transformation, particularly since it often sets the tone for other support functions. The Transformation of the Finance Function appears to have become a core issue for Chief Financial Officers and one that encompasses all of the priorities and challenges tackled in this survey. Read on to discover your answers to the question, "What does the Transformation of the Finance Function mean for you?".

Obviously, there is no one answer. Having said that, you too are faced with the same complex equation: how to improve the support that Finance Functions can offer while still containing risk and optimising costs?

Digital, Human Capital and International Development: three challenges to underpin business growth

PwC and DFCG have decided to devote this year’s summary to a detailed analysis of three major challenges that will necessarily contribute to resolving this equation.

1. Digital Transformation: passing fad or real opportunity? Neither! An analysis of your answers shows that it is a basic requirement.

2. What role does Human Capital have to play in your transformation? A pivotal role! The results clearly show that, along with digital technology, human capital is at the centre of debate.

3. Is international development part of your company's transformation? To this question, most of you answered "Yes, of course". Some of you even went as far as to say that the answer was so obvious that it no longer merited the question. In today’s digital era, any business, whatever its size, is international by definition!
The results of the survey show that Chief Financial Officers need to face these three challenges at the same time.

There is no doubt that it would be illogical, even counter-productive to develop a business's digital resources without tackling the issue of employee experience (optimal use of a tool, data exploitation, collaboration, sharing, etc.), or to develop overseas without first understanding the culture or knowing who to appoint locally. In both instances, human capital is central to the process, particularly when it comes to soft skills and management expertise.

Can we go as far as to deduce that, in today's digital era, Chief Financial Officers must above all be able to communicate as well as motive and empower? The resounding answer is "Yes".

**The Transformation of Finance Functions is a basic requirement, and human capital the key to success**

To be able to adapt to the frenetic rate of technological breakthroughs, the constant changes in regulations (IFRS, tax, etc.) and the strategic priorities defined by management, today's Finance Functions have to be extremely agile. Teams are getting busier and busier but also being given more and more opportunities. A brief look at three topics covered in this survey – cloud computing, robotisation and predictive analytics – shows how.

**Cloud or no cloud?** According to the survey, this is no longer even a question for 83% of Chief Financial Officers. Cloud computing has become an essential part of Finance information systems for everything from the digitalisation of documents and closing files to cash management, tax, enterprise resource planning (ERP), enterprise performance management (EPM) and business intelligence (BI).

In addition to their many benefits (short projects, robust solutions, reliability and security, cost transparency and sharing of best practices), cloud-based tools open the door to new disciplines, new skills and an agile, collaborative approach to project management that places the emphasis on the profession and on more effective communication with other company functions outside of Finance.

Are we approaching the "robotisation" of the accounting profession and subsequent end to a support function? While this question may seem shocking, even scary, nearly 50% of you said that you were considering launching a project to automate accounting between now and 2020! It's "inevitable" you say, because this major technological breakthrough offers a response to three challenges: lower administrative costs, stricter compliance and better operational support. By using algorithms to automate repetitive tasks, we humans will be able to focus more attention on analysing performance indicators. However, performance should not come before compliance.

So while the function remains essential, it needs to evolve and **develop the skills of its teams**.

"**Predictive analytics**, or getting data to talk. While the much-hyped notion of big data still scared some people last year, many of you are now daring to use machines to calculate future inventory needs, sales, client risk, cash positions and compliance risks by processing internal, external, financial and extra-financial data. The possibilities are even greater than they appear: the challenge being to **improve the reliability and relevance of the information that financial teams provide** to operations staff and to management.

To sum up, in the previous two surveys we saw that digital technology was mainly viewed as an "IT" topic that Chief Financial Officers had difficulty understanding. This year, although questions still abound (ROI and suitability with other projects), you appear to be **convinced of its necessity**. Better yet, there is growing awareness of the opportunities to be had by combining digital tools with organisational and human resources.

On behalf of DFCG and PwC, I hope you enjoy this "digital" presentation of the results of our survey on Chief Financial Officer priorities in 2017.
**Acknowledgements**

Our sincere thanks to the **400 Chief Financial Officers** who took the time to answer our **online survey**, and to the **50 Chief Financial Officers*** who agreed to share their 2017 challenges with us during a series of **one-on-one interviews**.

* Nine CFOs wished to remain anonymous.
Methodology

1 online questionnaire
400+ Chief Financial Officers responded
50+ interviews with Chief Financial Officers
2 round tables with DFCG/Scientific Committee
5 videos | www.pwc.fr

Breakdown by company size

- SMEs (34%)
- Middle market companies (49%)
- Large corporates (17%)

Revenue < €49m  Revenue €50m - €1,499m  Revenue > €1,500m

Breakdown by business sector

- Manufacturing (22%)
- Real estate/Construction (8%)
- Distribution/Consumer goods (14%)
- Transport/Logistics (6%)
- Services (13%)
- Banking/Insurance (8%)
- Other:
  - Energy
  - Pharmaceuticals/Health
  - Telecoms/Tech
  - Public sector
  - Media/Entertainment
  - Luxury goods

Chief Financial Officers - Priorities in 2017
SUMMARY OF THE SURVEY

Ranking of priorities in 2017

Transformation of the Finance Function

Digital transformation
  New applications
  Data management

Human Capital
  Skills management
  Career planning and international mobility
Main changes in the ranking of priorities in 2017

<table>
<thead>
<tr>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Predictive Management</strong></td>
<td><strong>Performance &amp; Risk Control</strong></td>
</tr>
<tr>
<td><strong>Performance &amp; Risk Control</strong></td>
<td><strong>Predictive Management</strong></td>
</tr>
<tr>
<td><strong>Cash, Liquidity &amp; Finance</strong></td>
<td><strong>Development Strategy</strong></td>
</tr>
<tr>
<td><strong>Development Strategy</strong></td>
<td><strong>Cash, Liquidity &amp; Finance</strong></td>
</tr>
<tr>
<td><strong>Transformation of the Finance Function</strong></td>
<td><strong>Transformation of the Finance Function</strong></td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td><strong>Tax</strong></td>
</tr>
</tbody>
</table>
What does the Transformation of the Finance Function mean for Chief Financial Officers?

- Securing processes
- Improving information systems
- Digitalising business partners
- Optimising data flows
- Reducing costs
- Adapting skills to tools
- Simplifying processes
- Adapting to client needs
- Improving team productivity
- Supporting growth
- Adapting business models
- Managing skills
- Supporting growth
- Improving team productivity
- Managing skills
Transformation of the Finance Function: a major challenge in line with Finance Department needs and objectives

Sharp increase in priority given to the Transformation of Finance Functions

**2014**

**28%**

**2017**

**43%**

**+15 POINTS**

Keys to a successful transformation

- **Human Capital**
- **Digital Transformation**
- **International Development**

Successful transformation
Digital Transformation: passing fad or real opportunity? Neither – it is a basic requirement!

More and more Chief Financial Officers are looking to upgrade their information systems.

Change in use of digital technology between 2016 and 2020

The Transformation of the Finance Function is achieved through digital drivers, through the digitalisation and "robotisation" of processes. Our goal in 2017 is to strengthen our processes and step up their automation so they run more efficiently. In doing so, we hope to save money but above all to implement new performance indicators.

"Damien O'Neill, TF1"
Digitalisation, cloud computing and robotisation: three digital trends driving transformation

Digitalisation: a top priority, particularly thanks to financial closing management tools

66% of Chief Financial Officers believe that digitalisation can make the Finance Function more efficient.

Priorities for close management tools
- Automate the review process for manual accounting entries: 57%
- Smooth the peak in activity during closing: 44%
- Standardise the schedule for closing: 33%

Cloud ambitions
- Reduce IT costs: 42%
- Improve data reliability: 33%
- Roll out tools: 30%
- Total: 83%

Significant interest in robotisation for Finance Function efficiency

48% of Chief Financial Officers across all company sizes believe that robotisation will increase the efficiency of the Finance Function and improve internal control.

Examples of robotisation
- Managing standards (creation and updates)
- Managing client orders and/or disputes
- Checking interfaces
- Calculating and recording accounting entries
- Identifying and analysing alerts

of Chief Financial Officers said that cloud computing would become an essential part of Finance information systems. While data security is still a major concern, it is no longer an obstacle.
Data management: significant progress made and more opportunities to be seized

**Data collection**

Chief Financial Officers still think that their teams *spend too much time* collecting data, something which is explained by an increasing amount of more complex reporting procedures and manual, labour-intensive processes.

- **60%** 2016
- **76%** 2017

**Data analysis**

Chief Financial Officers believe that *efforts have been made to reduce the amount of time spent analysing* data.

- **25%** 2016
- **39%** 2017

**Data visualisation**

41% of Chief Financial Officers say they plan to implement *visualisation and mobility tools* to improve Finance Function efficiency.

I'm very interested in data visualisation and business intelligence tools which can improve communication with our internal clients.

*Laurent Adam, Banque Neuflize*
"Predictive analytics": getting data to talk!

**Predictive analytics applied to budgeting**

- **24%** of Chief Financial Officers integrate **external data** in their indicators for comparative analyses and **budget forecasts**.

- **41%** of Chief Financial Officers said they would like to integrate **new methods** that include **external data** and introduce new practices to improve **budget forecasts**.

> "We have data scientists in our teams who have developed algorithms for **predictive analytics**. This enables us to compare forecasts by management controllers with three other forecasts made using these algorithms."

---

**Predictive analytics applied to cash flow forecasting**

- **38%** of Chief Financial Operators said they wanted to **integrate cash in their predictive analytics**. Cash flow forecasting is one of the main areas in which predictive analytics is used by Finance Functions.
Human Capital: a key priority for Chief Financial Officers

Skills management

54% of Chief Financial Officers said they believed skills management was the no. 1 priority in transforming the Finance Function.

"These days, Finance teams are under a lot of pressure. In addition to their traditional reporting role, they also have to manage the challenges associated with the far-reaching transformation of the function as well as help contain costs and support M&A's many operations and projects. Plus, they have to do it all in an environment where compliance rules are getting stricter and internal control must be maintained at the same high level, if not increased."

Dominique Carouge, Sanofi

"Today, my teams mostly need training in soft skills. To ensure teams can benefit from career mobility (switch from an accountant to a management position), it is important to:

• Give employees soft skills/management training.
• Empower employees by challenging them (methods of calculation, how they justify discrepancies, etc.) and by asking them for upward feedback (list of actions that they would recommend to top management if they were in their position)."

Olivier Durand, Alcatel

Main drivers for Finance team development

- Training: 58%
- Team building: 38%
- Peer learning communities: 29%
Skills management: seeking good all-rounders

Technical skills remain an essential prerequisite in any team profile...

65% of Chief Financial Officers give first priority to management controllers when drawing up their recruitment plan.

... but soft skills are also needed...

"Managing soft skills is even trickier. This is where you see the biggest gap between accounting and management controller profiles."

Fabienne Barouillet, Transavia

42% of Chief Financial Officers prioritise soft skills training: Manage, Communicate, Convince and Empower.

... as is the sharing of information between operational and Finance teams

67% of Chief Financial Officers said they wanted to improve information sharing between operational and Finance teams.
Career planning and mobility management require close collaboration between the Finance and Human Resources Functions

Career planning: a difficult but vital exercise for developing talent

41% of Chief Financial Officers said that employee career planning was the main difficulty they faced in terms of talent management.

Internal mobility between functions and internationally: career development opportunities

30% of Chief Financial Officers said they had difficulty recruiting/identifying local profiles to send on international assignments and international candidates to bring to France.

“Employee mobility remains a difficult area. To encourage international experience, the HR Department has introduced specific contracts for young, high-potential employees. Our People Review processes have also been strengthened.”

Romain Ferrière, RATP DEV
Contacts

Finance Departments interviewed

PwC & DFCG
### Company

<table>
<thead>
<tr>
<th>Company</th>
<th>Person interviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adisseo</td>
<td>Frédéric Puistienne</td>
</tr>
<tr>
<td>Air Liquide</td>
<td>Alain Le Borgne</td>
</tr>
<tr>
<td>Air Paris</td>
<td>Nicolas-Barissat-Mayrand</td>
</tr>
<tr>
<td>Alcatel</td>
<td>Olivier Durand</td>
</tr>
<tr>
<td>Altran</td>
<td>Albin Jacquemont</td>
</tr>
<tr>
<td>ATB</td>
<td>Thierry Bonnevalle</td>
</tr>
<tr>
<td>Atena</td>
<td>Eric Jankowski</td>
</tr>
<tr>
<td>Atos</td>
<td>James Thieriot</td>
</tr>
<tr>
<td>Aufémnin</td>
<td>Patrick Caetano</td>
</tr>
<tr>
<td>Banque Neuflize</td>
<td>Laurent Adam</td>
</tr>
<tr>
<td>Bayer France</td>
<td>Rodolphe Spina</td>
</tr>
<tr>
<td>Beaumarly</td>
<td>Côme Lefebvre du Prey</td>
</tr>
<tr>
<td>Business Partners</td>
<td>Bruno Laigue</td>
</tr>
<tr>
<td>Contour Global</td>
<td>Jean-Christophe Juillard</td>
</tr>
<tr>
<td>Criteo</td>
<td>Benoit Fouillard</td>
</tr>
<tr>
<td>Desmet-Ballestra</td>
<td>Jérôme de Bertout</td>
</tr>
<tr>
<td>Extruflex</td>
<td>Gwenaël Le Mouel</td>
</tr>
<tr>
<td>Imprimerie Nationale</td>
<td>Arnaud Boussemart</td>
</tr>
<tr>
<td>IPSEN</td>
<td>Alexandre Visciglio &amp;</td>
</tr>
<tr>
<td>Julhiet Sterwen Group</td>
<td>Sophie Marchandise</td>
</tr>
<tr>
<td></td>
<td>Aude Rigaudière</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company</th>
<th>Person interviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>La Poste</td>
<td>Bernard Mirailles</td>
</tr>
<tr>
<td>Macors</td>
<td>Thibault Demoulin</td>
</tr>
<tr>
<td>Meubles Demeyre</td>
<td>Nicolas Damez</td>
</tr>
<tr>
<td>Microsoft</td>
<td>Mathilde Bluteau</td>
</tr>
<tr>
<td>Nestlé France</td>
<td>Giulio Gerardo</td>
</tr>
<tr>
<td>NetBooster</td>
<td>Vincent Added</td>
</tr>
<tr>
<td>Orange</td>
<td>Djamel Benallal</td>
</tr>
<tr>
<td>PicWic</td>
<td>Xavier Dorlencourt</td>
</tr>
<tr>
<td>Pierre Fabre</td>
<td>Luc Peligry</td>
</tr>
<tr>
<td>Playmobil France</td>
<td>Marion Pacherie</td>
</tr>
<tr>
<td>PMU</td>
<td>Florence de Noray</td>
</tr>
<tr>
<td>PSB</td>
<td>Remi Weidenmann</td>
</tr>
<tr>
<td>RATP DEV</td>
<td>Romain Ferrière</td>
</tr>
<tr>
<td>Sanofi</td>
<td>Dominique Carouge</td>
</tr>
<tr>
<td>Société Générale ALD</td>
<td>Gilles Momper</td>
</tr>
<tr>
<td>Supratec</td>
<td>Sylvie Gladieux</td>
</tr>
<tr>
<td>Systra</td>
<td>Olivier Dezorme</td>
</tr>
<tr>
<td>TF1</td>
<td>Damien O’Neill</td>
</tr>
<tr>
<td>Transavia</td>
<td>Fabienne Barouillet</td>
</tr>
<tr>
<td>Union Laitière de la Meuse</td>
<td>Yves Boulanger</td>
</tr>
<tr>
<td>Veolia</td>
<td>Denis Chesseron</td>
</tr>
</tbody>
</table>

*Nine companies wished to remain anonymous.*