RESEARCH REPORT

The Digital CFO

Tracking financial leadership's transition from corporate number-cruncher to strategic storyteller



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About the research

The CFO's role and responsibilities have shifted significantly in response to recent and ongoing disruption. Our CFO 3.0 research report, published in mid-2020, announced the rise of digitally savvy senior financial decision-makers who use advanced tools and technologies to combat the impact of the COVID-19 pandemic. Now, over one year on, more and more finance leaders in South Africa are riding the tech wave through uncertain economic currents.

Sage identified a real need to connect with the finance community and share insights during a time of significant change.

As the market leader in cloud-based financial and accounting software in South Africa, we at Sage identified a real need to connect with the finance community and share insights during a time of significant change. We know the finance leadership role has evolved during the COVID-19 pandemic in response to heightened pressures, such as economic uncertainty, data security, and remote working – all of which are here to stay.

As such, we interviewed 313 senior finance professionals from businesses with 50 to 5000 employees during August 2021 to help finance leaders better understand the key shifts in their roles and responsibilities – and how their peers are navigating the changing landscape. The aim of this research is to provide senior financial decision-makers and CFOs with strategic and relevant insights that support their role reinvention as they adjust to a digitised working world.



Reinventing the finance leadership role



Jordaan Burger
Sage Vice President of Finance for
Africa, Middle East and Asia-Pacific

Senior financial decision-makers and CFOs are under increased pressure to step into the business limelight and help steer their companies through ongoing uncertainty. The COVID-19 pandemic has fundamentally altered customer behaviours and business operations, pushing consumers, suppliers and employees into an online world. This immediate transition has caused permanent changes to the world of work, as well as elevated levels of revenue and market unpredictability.

In this new reality, the financial leadership role is undergoing reinvention. Rather than using the numbers to simply report on what is, finance leaders are now required to be strategic storytellers who can turn data into compelling narratives that interpret trends timeously and articulate the future of their businesses with acuity and agility. The past few years have proven that finance leaders have what it takes to make this transition, and their efforts are lauded; our research shows that **92%** of finance leaders are now held in higher esteem by their board members.

Business stakeholders are increasingly looking to finance leaders to steer their companies through change with accurate, relevant and reliable insights that highlight opportunity and mitigate risk. To meet these new business expectations, finance leaders need to become digital transformation experts who, with the right tech at their fingertips, can build finance teams geared for sustainable success – no matter the changing tides.

Reinvention through digital empowerment

Our research found that finance leaders are almost unanimous about the sudden increase in the complexity and volume of their work. In response to the tumult caused and perpetuated by the COVID-19 pandemic, business owners and shareholders now expect much more of their CFOs. Finance leaders are keen to be directly involved in determining and developing more innovative and sustainable business strategies, and have already demonstrated impressive capabilities in this regard.

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Getting faster access to meaningful insights from financial data is one of their top three priorities.

But it hasn't been smooth sailing; the marketplace continues to experience waves of uncertainty compounded by high quantities of data. Finance teams are overwhelmed, suffering from data overload as they manually wade through information that takes so long to process that by the time they're done, it's lost all relevance. Finance leaders tell us that getting faster access to meaningful insights from financial data is one of their top three priorities. They realise that without better financial technology, their abilities to forecast revenue, support remote working and turn data into communicable and strategically relevant information are severely hampered.

And so, digital transformation and digitisation are high on the financial leadership agenda, with a particular emphasis on enabling cloud-based financial software. Interestingly, enthusiasm for the cloud is expressed by current cloud users as well as those gearing up to make the switch. Finance teams using on-premise software systems are all too aware that they are losing their competitive edge. They want a relevant tech upgrade that can help them manage repetitive tasks, such as data inputting, as well as provide them with solid cybersecurity solutions and analyse data in real-time for actionable insights.

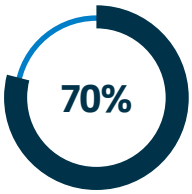
Finance leaders savvy enough to know how much they depend on their teams to achieve finance goals are making the effort to ensure their teams' seamless digital transition through crucial upskilling support. The successful reinvention of the financial leadership role from number-cruncher to strategic storyteller is firmly linked to digital empowerment – and finance leaders know this!



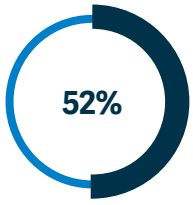
Part 1: The evolution of financial leadership

The COVID-19 pandemic will not last forever; however, its impact is irreversible, cementing pre-pandemic trends, such as remote working and online customer engagement, firmly into place. In such a rapidly and continually changing world, it's unsurprising that **83%** of respondents to Sage research say that business finance and accounting have become much more complex.

Looking at our CFO 3.0 research report, published at the height of the pandemic, **31%** of respondents noted little change in their organisations' financial performance at the time. What a difference a year can make. Now, over 12 months on, traditional cost and cash flow issues are compounded by an uncertain reality that makes it difficult for finance leaders to forecast demand and revenue.



of respondents say online customer demand for their products and services has increased.



say their costs of doing business have risen.

There is no doubt that the pandemic has fundamentally altered customer behaviours and business operations – and many of these changes are here to stay.



60% of financial professionals agree that hybrid/ remote work is now a permanent working model.

Few would disagree that the realities of the COVID-19 era have created enormous business challenges. In response to these challenges, old roles have gained new responsibilities. In just under two years, **95%** of finance leaders have confirmed their status as just that – leaders actively involved in determining and driving their companies' business strategies through the tumult of the pandemic. Happily, their value is not going unnoticed by their organisations; **92%** of financial leaders are now held in higher esteem by their boards of directors. With increased importance, however, comes an increased workload that is enough to keep even the most confident CFO up at night.

Discovering the untapped potential of true financial leadership

While the finance function has always been integral in business success, its evolution comes with additional expectations that step far outside its comfort zone. Finance leaders are expected to meet the new demands of their evolved roles, which, according to them, emphasise the importance of digitalisation, digital transformation and communicating real-time data effectively.



	Skills needed before the pandemic		Skills needed NOW
1	Accounting and financial reporting	1	Accounting and financial reporting
2	Data security	2	**Digitalisation/digital transformation (63%)**
3	Risk management	3	Data security
4	Product/service innovation	4	Risk management
5	Supply chain management	5	Product/service innovation
6	**Digitalisation/digital transformation (44%)**	6	**Storytelling/turning data into narratives (33%)**
7	**Storytelling/turning data into narratives (16%)**	7	Supply chain management

Corporate boards and business leaders are no longer satisfied by complex and static spreadsheets that become outdated quickly and are low on insight. Instead, they're looking for actionable strategies for the future based on real-time data and predictive analytics.

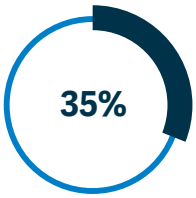


65% of finance professionals' workloads have increased.

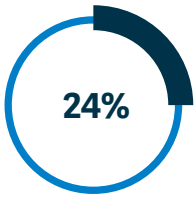


62% report a surge in demands from their companies' owners/shareholders.

But on-premise financial software systems are not fit for purpose, which means that in trying to meet their new mandates, finance leaders and their teams are overwhelmed by high volumes of data and swamped with manual tasks, such as data inputting. These stresses are compounded for those who struggle to access their finance systems remotely.



of on-premise software users are overwhelmed by data overload.



of cloud users are overwhelmed by data overload.

Finance leaders realise that if they are to thrive in this permanently changing landscape and successfully lead their remote working teams in these new priority areas, they need to become experts in digital transformation and storytelling. To do that, they need better financial software.

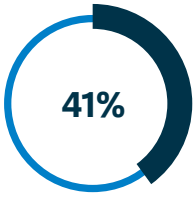


95% of respondents say that COVID-19 has highlighted the need for better financial technology in their organisations.

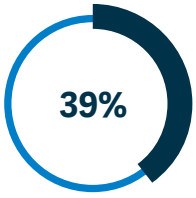


Part 2: Turning data into communicable insights

The post-pandemic reality requires finance leaders to possess broad business acumen and an ability to communicate data meaningfully. In addition to reporting the numbers, the CFO needs to deliver strategic insight and articulate the future of their business with clarity and foresight. However, the prevalence of disjointed and fragmented financial systems that do not provide the necessary intelligence and support makes it difficult for finance leaders to transition successfully into their new roles as strategic storytellers.



of CFOs lack an integrated finance system



of CFOs lack an effective system to support remote working.

Traditional financial systems can't keep up with the increasingly short shelf life of financial data and the growing importance of real-time financial insights. What's more, **46%** of finance leaders are increasingly worried about ongoing business uncertainty, and **45%** are concerned about the growing threat of cybercrime. These are significant challenges that put CFOs under enormous pressure. Unfortunately, an additional stress for finance leaders is how all of this impacts their teams.



These worryingly high figures point to overwhelmed finance teams across the board:



95% suffer from 'data overload'.



95% struggle with insufficient information to make good decisions.



95% don't know what data to trust.



94% spend too much time collecting and manually inputting data.



91% don't have enough granularity in their data to understand why problems are occurring.

Adopting cloud-based systems is critical for finance teams as it gives them a competitive advantage in the new working world. Investing in cloud-based financial systems is vital for finance leaders who want to reinvent their roles and meet shareholders' expectations.

The future's looking up

Cloud-based financial systems are taking centre stage because they help finance leaders and their teams look good – really good. Freed from repetitive manual tasks, such as data inputting, number-crunching and scheduled audits, senior financial decision-makers and CFOs have more time to address customer and employee needs. Cloud-based software's ability to provide finance leaders with actionable insights based on real-time data is crucial to helping them succeed in their new roles as strategic storytellers.

What's important to note is that CFOs and their teams don't need much convincing. An impressive **91%** of finance leaders agree that businesses must use cloud-based software to achieve sustainable success, **89%** believe that cloud-based software is better than on-premise software, and **88%** are excited to use cloud-based software.

Cloud-based financial systems are seen as the answer to a CFO's many current and future challenges. This is clearly why **89%** of businesses using non-cloud-based finance systems intend to shift their operations to a cloud-based solution within the next **12** months.

Part 3: The democratisation of data

The adoption of cloud-based financial systems encourages the democratisation of data. How? By empowering finance leaders and their teams with automation, real-time data access and greater data accuracy and security. Unsurprisingly, most finance leaders don't need telling twice. In fact, **83%** of businesses plan to increasingly automate manual tasks. Interestingly, in our mid-2020 CFO 3.0 research report, only a little over **50%** of CFOs said that their business processes were automated.

These empowering benefits of cloud-based software were highlighted by finance leaders who have already made the switch to the cloud.

Observed benefits of cloud among existing users (49% of the total sample):



65% Provides better access to data and insights



59% Enables access to real-time data



58% Encourages tasks to be done in the moment, which improves data accuracy

Building an aware, accountable and empowered team is crucial to the evolution of financial leadership. But it can't be done when data is kept in silos and made inaccessible, requiring people to jump through hoops to get what they need to do their work. Cloud-based financial systems democratise data, opening it up for greater collaboration and faster results that boost overall team productivity. Of course, there is an important caveat to all this: to get the most out of cloud-based software solutions, people need to know how to use them.

Digital empowerment for all

A successful business leader is someone who invests in their people and makes sure they have everything they need to excel in their roles. This could not be more true or more necessary during periods of change and upheaval, which can confuse, exclude, and incite suspicion if not managed carefully and inclusively. Digital transformation is an exciting and challenging process that needs all hands on deck to realise its benefits – particularly when a global event, such as a pandemic, raises the stakes.

Fortunately, **97%** of finance leaders in charge of adopting and adapting to modern technologies, such as cloud-based software, realise the need to include and upskill their teams to get the best results from the get-go.

Other important efforts being made by finance leaders to ensure a seamless shift to new tech include:



71% Providing internal training documents and guides



70% Providing internal training sessions



65% Creating internal knowledge sharing portals



51% Utilising external training providers

Protected by the cloud

Many finance leaders and their teams are worried about data protection and cybercrime. That said, there is an increasingly positive perception of how the adoption of cloud-based systems can mitigate their cybersecurity concerns. In our CFO 3.0 research report, two-thirds of respondents **(66%)** said cloud-based systems are secure. Fast-forward 18+ months and **88%** of our respondents in this study who already use the cloud say their systems are more secure than before, and **65%** say they benefit from safer data processes and storage.

Artificial Intelligence (AI) and the cloud

When talking about the cloud, other advanced – and potentially complementary – technologies, such as AI, are bound to come up. There is a case to be made for AI to bolster cloud-based financial systems with additional benefits, and finance leaders are paying attention.

92% say they would support their own organisations investing in AI-powered cloud financial management solutions.

85% of finance leaders believe AI-powered cloud financial management solutions will positively impact the quality of their finance teams' work in the future.

However, AI adoption is likely to lag significantly behind cloud adoption as finance leaders view getting to grips with the cloud as a higher priority than using AI. Nonetheless, **85%** of finance teams are planning to improve the software they use to thrive in this new world, and cloud-based systems enhanced with AI can increase usability and improve performance.



Conclusion

The COVID-19 pandemic has permanently changed the working landscape and added enormous pressure to finance leaders tasked with maintaining an even business keel. Challenges such as remote working, cybersecurity risks, shareholder expectations, ongoing uncertainty, and overwhelming volumes of data are exacerbated by outdated, on-premise software systems. As new global and workplace realities continue to change the status quo, the demand for faster, better financial technology is set to increase.

Those who lead their teams successfully through digital empowerment and into the cloud will thrive.

Cloud-based financial software systems are proving themselves worthy of the hype. Finance leaders and their teams who have already transitioned to the cloud validate benefits, such as real-time data analytics and improved accuracy, with impressive results.

Today's finance leaders are navigating an entire role reinvention that demands they step up as strategic business advisers and storytellers. Those who lead their teams successfully through digital empowerment and into the cloud will thrive.



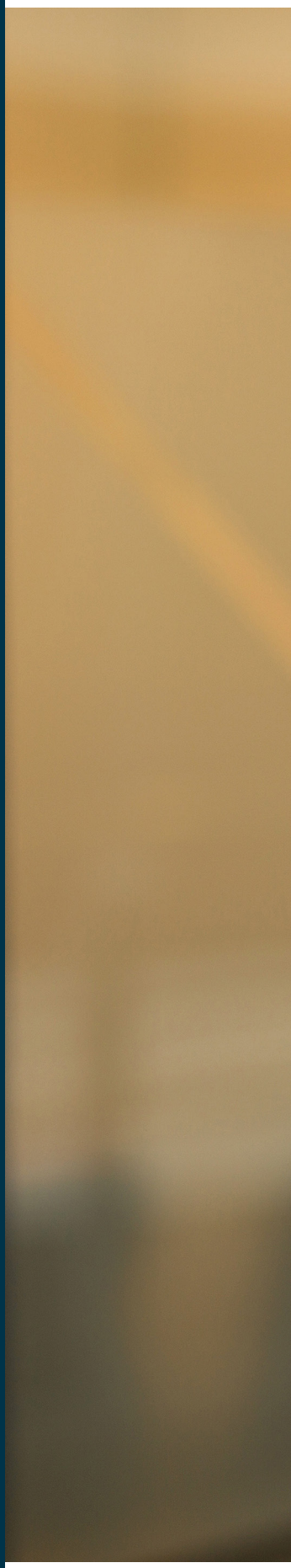
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> **Sage Intacct gives me real-time insight and control.**

Marc Meiring
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