



// FUTURE OF FINANCE FORUM

The Roadblocks to Forward-Looking Finance

On this occasion, our debate explored how the Finance function needs to evolve and ways to deliver this evolution. We enjoyed a vigorous debate about the desirable role of the Finance department and focused heavily on the role of technology and data. Our debate covered many more insights than we can cover here, but this document captures the discussion from a high level. As dictated by club rules, all quotes have been anonymized and no idea is attributed to any one person.



//THE DISCUSSION TOPIC

How can you, as a Senior Finance Leader, move beyond the traditional backward-looking accounting role?.

In a recent Future of Finance Survey, finance leaders stated they were increasingly constrained when it comes to their ability to empower themselves to move beyond traditional roles.

Many Finance Leaders want to take the business forward but various challenges stand in their way.

For example, 67% of survey respondents stated they were engaged too late in critical commercial developments to really add any value to the process.

Over 66% believe an inability to master the variety and volume of new business data was a serious threat to the future finance function. Other challenges include regulatory compliance, and a failure to understand the technology market.

Overcoming these challenges means empowering the finance function to provide comprehensive forward-looking insights and positively affect business decisions – decisions that could secure competitive edge and raise the CFO's role within the organization.

We asked:

- What is stopping you right now from achieving your business ambitions?
- How do you think the finance function in general should be moving forward?
- Is technology currently helping or hindering you?
- And, if you could make one change in your organization right now, what should it be?

//THE DISCUSSION

Our chair for the evening was Financial Consultant Jay Matalon. Jay is a CPA and senior consultant to the insurance industry focusing on accounting, reporting, and other financial matters. Most recently, Jay has been working with MetLife and Brighthouse Financial. Prior to this, Jay served as Head of Insurance Accounting Policy at AIG overseeing life and property/casualty teams as well as company initiatives involving emerging accounting issues. Jay's experience also includes serving as the Chief Accounting Officer at Presidential Life Corporation, working as the Senior Vice President and Chief Financial Officer of ACE Limited's life division, and holding various positions at Ernst & Young.

//HOW DOES IT APPLY TO US?

Our Chair for the evening began the debate with a look at the increasing responsibility of the CFO in the areas of technology and, especially, data – asking: "How do we manage expectations when we are still saddled with legacy apps?"

Leading a guest to wonder: "We know changes are coming, but it is still imperative we get the day job done. How do we apply machine learning to that?"

This puzzle struck a nerve with a fellow guest, who asked: "Who is going to tell me what technology can be deployed to deliver what benefits, because in many cases we simply don't know what to ask."

"Even IT people who work in Finance don't really perceive the opportunity," agreed another, "when I ask the question 'how does it apply to us?' the answer to that is still a large floating speech bubble with nothing in it."

//A MAGIC FORMULA

"We need to marry up the opportunities that technology is offering us," proposed a guest.

"In the past, we needed to think carefully about the data we needed because getting it into the right environment was very costly. Now, everything is in the cloud and we're told not to worry. But I think this presents a role for Finance in leading the effort to create data standards because we are the ones who can't compromise on data quality."

"Finance is a user of data, not an owner," argued another guest. "Lots of other people use that data too, so it ought to be managed from a central point; that's where the Chief Technology Officer comes in. It's not down to Finance."

However, this wasn't universally accepted, with one guest saying: "but how we use data is completely different to how other parts of the business use it."

"We are at the core of publishing official data for the company," agreed another. "I'm not saying we are the only user, but we are an important user. And the more garbage we have, the more difficult it is."

//AI, ROBOTICS, BLOCKCHAIN

"Almost nobody has an encyclopedic knowledge of all the data in your organization," said one guest, "For me, that's where machine learning presents an opportunity."

Another guest really liked this idea, agreeing: "Unless you use these technologies to enhance the foundations, you're just putting lipstick on a pig."

"As with Blockchain, we have to ignore the people for whom it is like a religion and find the real-world applications. This technology is changing the financial services industry right now."

However, others were more skeptical, saying: "This is a patience exercise. Senior management are not willing to understand that they've got to spend some money. The technology is not all the way there yet. And if senior management isn't ok with that, you really have to decide whether you really want to push these kinds of issues."

"We need a culture change," agreed one guest, "None of this stuff is ready to snap."

//BUILDING THE BUSINESS CASE

"It's not all about cost reduction," came the argument, "The dynamic is changing; leading with cost is not the way to go. Because we really want to lead on better service and better outcomes. For example, when we sat down with the regulator and went through the regulatory filings through our AI tools they were far and away more accurate, because we are eliminating the human error."

"There are different approaches – some follow a distributed model where there are technology frontiers all around. Some build a control tower to pull the knowledge back to the center. But then you have to bring lots of people in to prepare for the transformation and you lose the ROI in the short term."

"The case is continually changing," bemoaned another guest, "You need buy in at the top – that's what will determine success."

//THE CONCLUSION

Future of Finance Forum is a group of forward-thinking finance leaders of enterprise-scale businesses. On this occasion, the Club united CFOs, SVPs, VPs, Senior Directors of Finance, and other leaders from organizations such as AIG, Morgan Stanley, AXA, BNP Paribas, and others at Le Bernardin, 155 W 51st Street, in New York to debate how to evolve the finance function. We discussed many more ideas and approaches than we can discuss here. To gain the in-depth insights that our guests benefited from, book your place for next time via our website:

<http://futureoffinanceforum.com/> or our club manager: Elizabeth Purcell

//CLUB PARTNER

We would also like to thank our Club partner, Aptitude Software. Aptitude Software is a finance software specialist that focusses on equipping enterprise CFOs to fulfil their strategies and ambitions. Aptitude Software operates globally with headquarters in London, and major offices in the USA, Poland and Singapore. Aptitude develops and implements specialist finance applications for leading global insurance, financial services, and telecommunications customers. This makes Aptitude Software the ideal partner for the Future of Finance Forum.