



Southeast Asia CFO Agenda 2021

Reimagining the future of finance

Contents

Foreword	3
Research methodology	4
Overall CFO sentiments	7
Reimagining the future of finance	11
1. Transforming finance in strategic areas	13
2. Enabling the finance workforce	18
The CFO's to-do list	23
Looking ahead	27
Contact us	28

Foreword

Research methodology

Overall CFO sentiments

Reimagining the future of finance

- 1. Transforming finance in strategic areas
- 2. Enabling the finance workforce

The CFO's to-do list

Looking ahead

Contact us

Foreword

For most Southeast Asia CFOs, the COVID-19 pandemic has been a challenge of an unprecedented magnitude. During the initial stages, CFOs were focused on ensuring continuity to operations and the business, and as the last six months have shown, we have moved into recovery mode and CFOs are looking at how we can learn from this and become stronger.

Many parts of the world, Southeast Asia included, are transitioning to a “living with COVID-19” model. It is therefore timely that CFOs and their finance functions take stock of their evolving roles at this juncture, and consider some of the actions that they will need to take to not only prepare for this eventuality, but also play a more proactive role in reimagining and shaping their future.

With this context in mind, Deloitte Southeast Asia conducted research in the third quarter of 2021 with the objective of understanding how the role of finance has evolved and identifying developing trends that could provide indications on what its future role would look like. Our research comprised two components: a survey and a series of in-depth, one-on-one interviews with 105 Southeast Asia-based CFOs across different sectors.

What we found was that while CFOs are currently still in the midst of responding to the rapidly evolving COVID-19 situation, their focus is also increasingly shifting towards some longer-term priorities. In particular, as the pandemic continues to demand fundamental shifts in their businesses, finance functions are beginning to pivot their focus from operational finance to financial insights, and turn their attention to developing new finance roles and the accompanying skillsets required for the future.

As they look ahead to the new normal, the majority of CFOs have also been quick to recognise that remote work is here to stay at least in some form. But the extent and effectiveness with which remote work can be leveraged in finance functions will likely depend on the organisations’ inherent business models, and the ability of CFOs to support their finance teams in acquiring and developing a more diverse set of skills.

We hope that you will find this report an insightful read as you lead your finance teams through their evolving roles, and look forward to more conversations with you on how we can reimagine the future of finance together.

Timothy Ho

CFO Program Leader
Deloitte Southeast Asia

Foreword

Research
methodology

Overall CFO
sentiments

Reimagining the
future of finance

1. Transforming
finance in strategic
areas
 2. Enabling the
finance workforce
-

The CFO's to-do list

Looking ahead

Contact us

Research methodology



Foreword

**Research
methodology**

**Overall CFO
sentiments**

**Reimagining the
future of finance**

1. Transforming
finance in strategic
areas
 2. Enabling the
finance workforce
-

The CFO's to-do list

Looking ahead

Contact us

Research methodology

Whether by choice or circumstance, the finance function has taken on a more frontline role during the COVID-19 pandemic. Our objective is to understand how the role of finance has evolved over the past year, and identify developing trends that could provide indications on what its future role would look like.

In the third quarter of 2021, Deloitte Southeast Asia surveyed 97 Southeast Asia-based CFOs or equivalent to understand their key concerns for the year ahead, level of digital maturity across several aspects of the finance function, and any upcoming plans for operating model changes. Conducted between the second and third quarters of 2021, the survey covered respondents across a wide range of industries and finance team sizes (see “Survey respondent demographics”).

To gain a more granular understanding of how the role and operations of the finance function has evolved since the COVID-19 pandemic, we also conducted a series of in-depth, one-on-one interviews with eight regional CFOs across different sectors. Their insights – encompassing a range of perspectives from the consumer products; retail; oil, gas & chemicals; industrial products; financial services; as well as media & entertainment sectors – have contributed to the development of our point of view presented in this report.

Survey respondent demographics

Figure 1: Industry sectors

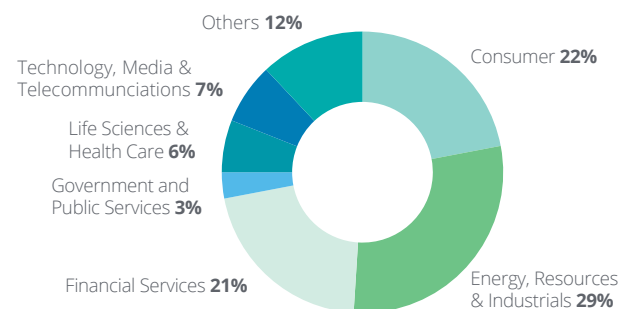
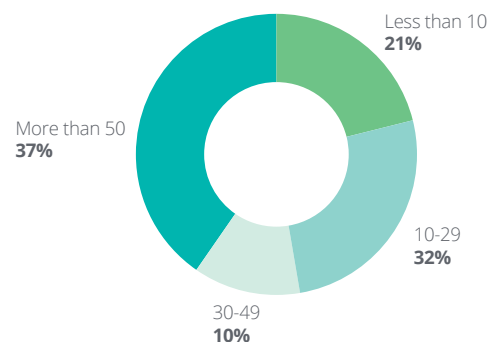


Figure 2: Size of finance team



Foreword

Research methodology

Overall CFO sentiments

Reimagining the future of finance

1. Transforming finance in strategic areas
2. Enabling the finance workforce

The CFO's to-do list

Looking ahead

Contact us

Overall CFO sentiments



[Foreword](#)

[Research methodology](#)

[Overall CFO sentiments](#)

[Reimagining the future of finance](#)

1. Transforming finance in strategic areas
2. Enabling the finance workforce

[The CFO's to-do list](#)

[Looking ahead](#)

[Contact us](#)

Overall CFO sentiments

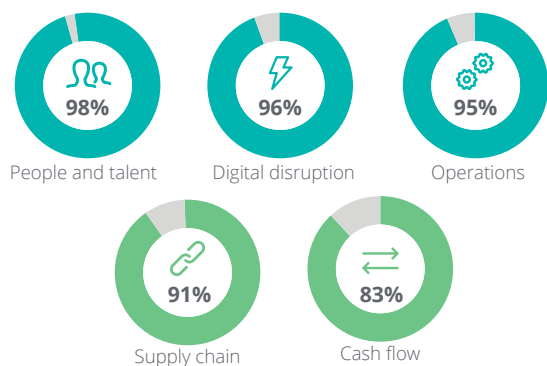
While cash flow and supply chain concerns remain top of mind, several other priorities are also beginning to emerge as CFOs look towards the new normal.

Given the number of curveballs that COVID-19 has thrown at businesses, our research has revealed that Southeast Asia CFOs are still in the thick of action in responding to the rapidly evolving pandemic situation. Nevertheless, some of the initial concerns on cashflow and supply chain issues appear to have somewhat abated as CFOs look towards several other priorities for the new normal.

Specifically, as COVID-19 continues to demand fundamental shifts in their businesses – and consequently, a more frontline role for finance functions – CFOs are becoming increasingly concerned about their people and talent, digital disruption, and operations issues (see Figure 3). In this section, we will explore these issues in turn, and discuss some of the nuances that we uncovered during our discussions with CFOs.

Figure 3: People and talent, digital disruption, and operations issues emerged as the top three CFO concerns

Percentage of survey respondents who indicate that they are concerned about these issues



Perennial concerns remain

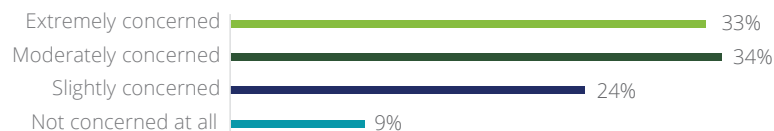
As COVID-19 lockdowns and social distancing measures continue to be imposed in waves across Southeast Asia, CFOs' cash flow and supply chain concerns remain top of mind. Overall, more than half of survey respondents indicated that they are moderately or extremely concerned about cash flow (60%) and supply chain disruption (66%) for the year ahead (see Figure 4 and 5).

Figure 4: More than half of CFOs are concerned about cash flow



Question: Looking to the year ahead, how concerned are you about cash flow?

Figure 5: About two-thirds of CFOs are concerned about supply chain disruption



Question: Looking to the year ahead, how concerned are you about supply chain disruption?

Foreword

Research methodology

Overall CFO sentiments

Reimagining the future of finance

1. Transforming finance in strategic areas
2. Enabling the finance workforce

The CFO's to-do list

Looking ahead

Contact us



Cash flow remains top of mind

With the pandemic sharpening the focus on resilience, our conversations with CFOs revealed that many are closely reviewing capital allocation requirements. As described by the CFO of a Philippines-based industrial conglomerate, while it was once considered acceptable to wait for the return on investment to materialise, they now need to be more purposeful about strengthening their financial position and conserving cash.

For businesses that relied on government support during the pandemic, the cessation or reduction of such support has also resulted in a more acute need for cash flow management. One CFO at a Singapore-based media and entertainment company shared that they needed to conduct a strategic reassessment of their cashflow to enable the organisation to continue with its investments in online business models.



Supply chain disruptions a concern for product-based businesses

In terms of supply chain disruptions, our conversations with CFOs revealed that such concerns tend to be more apparent for product-based businesses, who often find themselves needing to respond rapidly to social distancing measures from a logistics perspective.

Apart from rising freight costs on the back of the shortage of shipping containers, the regional CFO of a Japan-headquartered global beverage multinational also shared with us that one of the key challenges for their supply chain has been dealing with the multiple movement control orders in Malaysia.

Stressing the importance of supply planning was another CFO at a Malaysia-based forestry and resources conglomerate whose buyers are facing disruptions in their own supply chains. Although short-term supply is relatively easier to manage at a resource-based business – the cutting of trees, for example, can be quickly deferred or accelerated – long-term supply is harder to manage without strong insight into demand. In addition, workforce supply can also be tricky to manage as scaling a workforce up or down could take time.

To address these issues, the CFO and their finance team is currently working with the different business units to plan for various scenarios and the accompanying workforce requirements.

Foreword

Research methodology

Overall CFO sentiments

Reimagining the future of finance

1. Transforming finance in strategic areas
 2. Enabling the finance workforce
-

The CFO's to-do list

Looking ahead

Contact us

Priorities emerge for the new normal

Even as CFOs continue to manage the immediate impacts of COVID-19 on their businesses, our survey revealed that several priorities for the new normal are also beginning to emerge. While concerns over cash flow and supply chain remain, what came out as top of mind for CFOs were people and talent (73%), as well as operations (67%) and digital disruption (66%) issues (see Figure 6 to 8).

Figure 6: About two-thirds of CFOs are concerned about digital disruption



Question: Looking to the year ahead, how concerned are you about digital disruption?

Figure 7: Nearly three-quarters of CFOs are concerned about people and talent



Question: Looking to the year ahead, how concerned are you about people and talent?

Figure 8: More than two-thirds of CFOs are concerned about their organisation's operations



Question: Looking to the year ahead, how concerned are you about operations?



The digital journey continues

Unsurprisingly, CFOs across the board are intensifying their focus on digital transformation. For some companies, this represents a continuation of a digital journey that they had already embarked on even before COVID-19, although the pandemic has undoubtedly accelerated its speed. For example, a regional CFO of a US-headquartered energy multinational company described how COVID-19 has compelled their organisation to overcome many challenges in their digital transformation journey associated with their risk-averse culture – simply because the situation required it.

In a similar vein, another CFO at a leading regional bank also emphasised the need for them to double down on their digital efforts to support their retail and corporate customers with their financial needs in these uncertain times. Recent efforts include significant time and investment spent on improving digital banking offerings to ensure that customers are able to address all their banking and financial needs without the need for physical interactions – for example, through digitally-acquired deposits, auto loans, general insurance, and mortgages.

For businesses traditionally reliant on brick-and-mortar models, the pandemic had also necessitated a shift to omnichannel strategies. A CFO at a Singapore-based lifestyle and wellness company, for instance, shared their experience moving their business – which had operated with an almost entirely offline model for four decades – to a more digital model. Amongst their considerations was the need to support their employees with the transition, especially sales personnel whose commission-based remuneration was significantly impacted.

Foreword

Research methodology

Overall CFO sentiments

Reimagining the future of finance

1. Transforming finance in strategic areas
2. Enabling the finance workforce

The CFO's to-do list

Looking ahead

Contact us

The CFO at a global beverage multinational also described how although digital transformation programs have been accelerating within the organisation for the past three years, many employees are still resistant to change. The CFO believes that is what is needed is executive sponsorship to send the right tone from the top and encourage cultural change, as well as teams with the right skills to conduct transformation activities.



People and operations are inextricably linked

During our conversations with CFOs, we found that they were overwhelmingly concerned about their operations, as well as people and talent. Indeed, these two aspects are highly intertwined: the CFO at an industrial conglomerate shared with us, for example, that from an operational resilience standpoint, ensuring that their employees remain healthy is key. To this end, the group was one of the first companies in the Philippines to offer its employees free COVID-19 vaccination shots.

Similarly, the CFO at a forestry and resources conglomerate also described their social distancing and quarantine arrangements, including the delivery of food supply for employees living on site. In addition, the business is also navigating complexities associated with cross-border permit renewals for its employees in East Malaysia, as well as dealing with the challenges posed by ever-evolving travel restrictions in their efforts to obtain employees from other overseas markets, such as China and Vietnam.

But apart from ensuring an adequate and physically healthy workforce, CFOs are also turning their attention to other issues, such as employee fatigue, mental health, and training. The CFO at a leading regional bank, for example, described how the organisation has provided employees with access to virtual doctor consultations, complimentary webinars, and other wellness programs. To ensure that training in critical areas, such as data management, continues even amidst the pandemic, the bank has also moved its training curriculum online.

For the regional CFO at a multinational energy corporation, employee fatigue – stemming from remote working arrangements, as well as organisational and digital transformation – was also cited as a key area of concern. To address these issues, the CFO is currently looking at ways in which they can optimise and automate the workload to improve employees' underlying quality of life, better communicate the employer value proposition, and develop the next generation of workforce.

Foreword

Research methodology

Overall CFO sentiments

Reimagining the future of finance

1. Transforming finance in strategic areas
 2. Enabling the finance workforce
-

The CFO's to-do list

Looking ahead

Contact us

Reimagining the future of finance

Foreword

Research
methodology

Overall CFO
sentiments

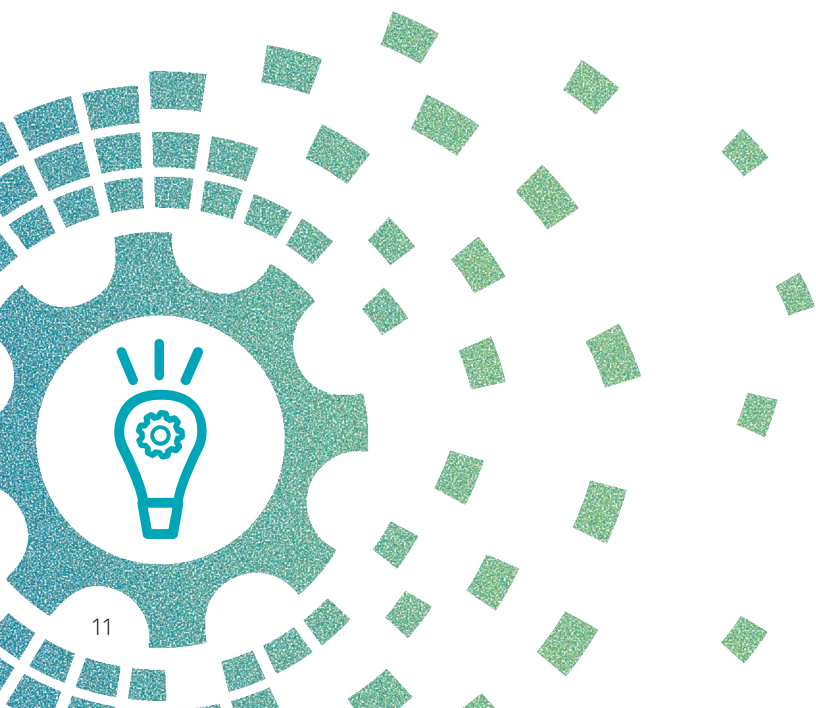
Reimagining the
future of finance

1. Transforming
finance in strategic
areas
 2. Enabling the
finance workforce
-

The CFO's to-do list

Looking ahead

Contact us

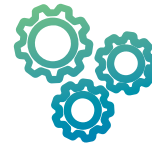


Reimagining the future of finance

Overall, our conversations with CFOs have revealed that the role of finance is evolving in two important ways. Firstly, with the COVID-19 pandemic in the backdrop, finance functions are pivoting away from a focus on operational finance to the delivery of financial insights, as they find themselves stepping up to support their organisations in making rapid changes to their business models and responding to customer demands.

Secondly, finance functions are increasingly expected to take on frontline roles for many of their organisations' most strategic and future-oriented issues, such as data analytics and sustainability. In particular, we observed a palpable sense of responsibility in the way CFOs communicated the role of finance in driving sustainability outcomes. With an end-to-end view of their business, many CFOs feel that sustainability is now well within the finance domain, and that finance teams are in a unique position to not only translate and operationalise sustainability within their organisations – but also communicate outcomes to stakeholders.

With these shifts in mind, we will explore several areas of focus for CFOs as they look to reimagine the future of finance in this new normal. Broadly, these have been classified into two themes: transforming finance in strategic areas; and enabling the finance workforce.



Transforming finance in strategic areas

Shifting from operational finance to financial insights by taking on frontline roles, and becoming the ultimate owner of data



Enabling the finance workforce

Adopting a hybrid workforce model, and ensuring diversity in skills

Foreword

Research methodology

Overall CFO sentiments

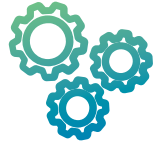
Reimagining the future of finance

1. Transforming finance in strategic areas
 2. Enabling the finance workforce
-

The CFO's to-do list

Looking ahead

Contact us



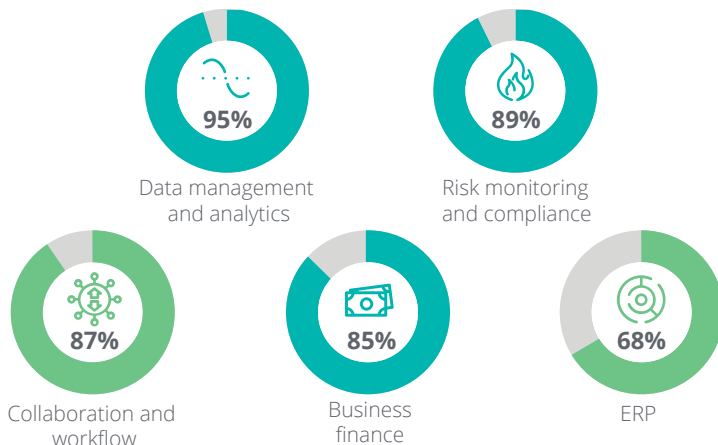
1. Transforming finance in strategic areas

In this new normal, the finance function will need to make transformations in two strategic areas to shift from operational finance to financial insights. Specifically, it will need to take on more frontline roles, and become the ultimate owner of data within the organisation.

Overall, our research has revealed that while some forward-looking CFOs have already begun to embark on the transformation of their finance function, many more have yet to begin the journey. This is despite the fact that an overwhelming majority of CFOs recognise the need to transform key aspects of their finance functions – including data management and analytics, risk monitoring and compliance, collaboration and workflows, business finance, and enterprise resource planning (ERP) (see Figure 9).

Figure 9: Recognition of the need to transform several key aspects of the finance function

Percentage of survey respondents who indicate that these aspects are currently undergoing transformation or need to be transformed at their organisations



From operational finance to financial insights

Across the board, CFOs have observed that the COVID-19 pandemic has resulted in their finance functions becoming more agile, as they stepped up to support their organisations in making rapid changes to their business models and responding to customer demands. In addition, there was also widespread recognition that finance functions are increasingly pivoting away from a focus on operational finance and towards the delivery of financial insights.

Such a role not only requires finance functions to conduct dynamic inventory management and perform nimbler forecasting of expected sales and cashflow, but also eventually become the ultimate owner of data within the organisation. To enable this shift, however, several important aspects – including business finance, risk monitoring and compliance, as well as data analytics and management – must first be transformed.

Currently, however, only a minority of CFOs have indicated that these aspects have been transformed at their organisations. Indeed, only about half or fewer of survey respondents indicated that these aspects are currently undergoing transformation at their organisation, while a significant proportion of them appeared to have recognised the need for – but have not yet begun – transformation in the areas of business finance (38%), risk monitoring and compliance (46%), as well as data analytics and management (44%) (see Figure 10 to 12).

Foreword

Research methodology

Overall CFO sentiments

Reimagining the future of finance

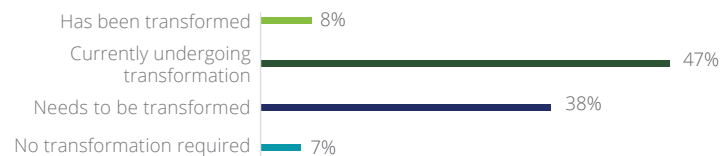
1. Transforming finance in strategic areas
2. Enabling the finance workforce

The CFO's to-do list

Looking ahead

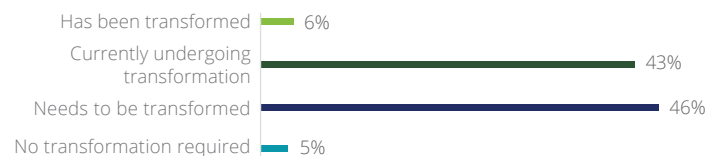
Contact us

Figure 10: More than one-third of CFOs say that their business finance needs to be transformed



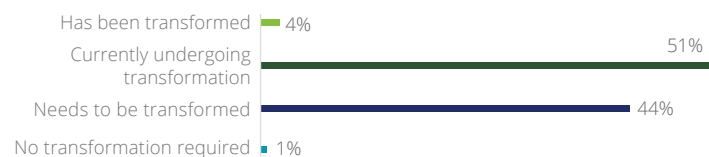
Question: How would you rate the digital maturity of your finance function's business finance (e.g. forecasting, scenario planning)?

Figure 11: Almost half of CFOs say that their risk monitoring and compliance needs to be transformed



Question: How would you rate the digital maturity of your finance function's risk monitoring and compliance?

Figure 12: Almost half of CFOs say that their data management and analytics needs to be transformed



Question: How would you rate the digital maturity of your finance function's data management and analytics?



Finance takes on a frontline role

One common theme in our conversations with CFOs was the increasingly central and frontline role of the finance function. As the CFO of a forestry and resources conglomerate put it, that is because “everything involves dollars and cents”. Before any important decision is made, their CEO would always ask, “How does this impact finance?”.

To formulate answers to this question, the finance team relies on analytics and data derived from their ERP platform. In certain instances, for example, the data may reveal that it is more profitable for the business to export raw commodities than process them into products at the factory. By analysing data on commodity costs and other variables, the finance team is able to recommend to the CEO the profit-maximising option that the business should pursue.

Apart from citing challenges in encouraging the different functions to input their data in a timely manner, the CFO also believes that finance must develop a keen understanding of business operations and collaborate closely with other functions in order to fulfil the demands of their new role. To this end, the organisation is providing the finance team with access to courses that would broaden their understanding of business operations, for example, on topics such as fertilisers and harvesting techniques, as well as cross-functional trainings from operations teams.

For another CFO at an industrial conglomerate, the investments in an ERP platform that they had previously implemented – and are in the process of enhancing – have also proved to be useful, as it enabled teams to access a single source of truth for real-time and connected planning. With lockdowns imposed in waves across different locations at a time in the Philippines, the ERP platform also facilitated the customisation of sales planning by location.

Foreword

Research methodology

Overall CFO sentiments

Reimagining the future of finance

1. Transforming finance in strategic areas
2. Enabling the finance workforce

The CFO's to-do list

Looking ahead

Contact us

With intensified demand for constant, open-line communication from management, board of directors, and other stakeholders during these uncertain times, several CFOs described how their finance teams have not only needed to develop the capabilities to provide real-time, up-to-date financial insights, but also adopt a more proactive role in managing their organisation's investments (see "The central role of finance at a growth-stage company").

In the context of sustainability, one CFO at an industrial conglomerate shared with us their belief that only the finance function is able to view the full picture of sustainability – and therefore must be responsible for telling the organisation's sustainability story. To do that effectively, their current priority is to integrate finance with sustainability to make sense of integrated key performance indicators (KPIs), and incorporate sustainability metrics into planned enhancements for their ERP platform. They believe that finance talent should also develop a more in-depth knowledge on sustainability reporting KPIs, and hone their expertise in integrating sustainability with financial reporting.

Other CFOs also recognise the opportunity that sustainability offers in terms of new product offerings, and are actively supporting their businesses in pursuing these avenues. A CFO at a regional bank, for example is currently focused on the launch of a carbon exchange and marketplace model that would facilitate the sale and purchase of carbon credits.

THE CENTRAL ROLE OF FINANCE AT A GROWTH-STAGE COMPANY

At a Singapore-based media and entertainment company, the COVID-19 pandemic had resulted in a sharpened focus on operational expenses and cash outflow from the management and board. The CFO described, for instance, how board meetings and management meetings – which used to be held two to three times a year and once a month respectively – had evolved into monthly and weekly occurrences.

As a result, the finance function now conducts dynamic forecasting for cash flow and financial performance on a fortnightly basis. Given this increased workload, the CFO is looking into ways in which the forecasting process can be automated. While the finance team had invested in digital tools some five to seven years ago, these tools were ultimately found to be unsuitable for use in certain scenarios, and the projections have had to be performed manually.

In addition, given that their business was still in the growth stage, the CFO also had additional considerations to take into account with regards to their level of capital expenditure – which would in turn impact ability of the business to raise cash through debt and equity.

The upside, however, was that management had relatively greater control over capital expenditure, as the majority have been built in-house as internal contracts – predominantly as investments to another US-based subsidiary. To reduce the overall level of capital expenditure, the CFO and their Singapore-based treasury function oversaw the streamlining of investments to reduce the number of overlapping investment areas within each timeframe.

Foreword

Research methodology

Overall CFO sentiments

Reimagining the future of finance

1. Transforming finance in strategic areas
 2. Enabling the finance workforce
-

The CFO's to-do list

Looking ahead

Contact us

FINANCE AS RISK STEWARD

Across the board, organisations have ramped up digital transformation efforts to respond to COVID-19. But digital transformation programs are fraught with change, uncertainty, and risk – not least due to the introduction of new risks from emerging technologies, an increasingly complex geopolitical and economic environment, as well as growing sustainability and climate considerations.

For many Boards and CEOs, the focus of the conversation is now shifting towards striking the right balance between reaping the benefits that digital transformation offers, and mitigating the risk of potential losses stemming from its insufficient governance, as well as associated risk and regulatory compliance issues. In this respect, they are increasingly turning to the CFO – a voice of risk-related thinking, and in certain organisations, also the de facto chief risk officer – for their stewardship.

As CFOs rightly recognise, dealing with the nature of today's risks requires a shift from an effort that is needs-based, to one that is responsibility-based. In other words, risk management is no longer sufficient: CFOs and the finance function need risk intelligence. Practically speaking, this means that CFOs must move from a siloed view of risk within individual business units to a more agile and centralised model through the following steps:

01. Develop an enterprise-wide view of risks

Risk-intelligent risk governance begins with identifying all risks to the organisation, and assessing their interrelationships. For example, operational risks may generate financial risks, which may in turn generate reputational risks – and all of these risks must be recognised and addressed.

02. Assign risk-related roles and responsibilities

Clearly defined roles and responsibilities are essential to risk governance. Here, the three lines of defence model can be instructive. The first line of defence – the business – manages the risks because that is where the risks are located and where they can be managed most effectively. The second line – supporting functions such as compliance, legal, and risk management – helps the first line to define standards, adopt leading practices, and develop relevant tools and mechanisms. The third line – internal audit – provides independent assurance that risks have been identified and that management has addressed them.

03. Develop a risk governance infrastructure

The risk governance infrastructure comprises policies, procedures, and practices of risk oversight, as well as the tools that operationalise them. Clearly defined risk appetites, risk profiles, and risk tolerances enable management and first-line teams to better understand risk exposures, communicate more clearly about them, and more effectively control them. In addition, the right risk culture – in which the organisation's business strategy and risk strategy, and messaging, conversations, and incentives related to risk are all aligned – can also be considered part of this infrastructure.

04. Provide the right resources

People need the requisite tools and expertise to manage the risks within their job functions. That calls for supporting technologies – such as automated monitoring programs and machine learning capabilities for the detection of anomalies, as well as blockchain-enabled proof-of-provenance technologies – to help identify, monitor, analyse, and manage risks. But technologies and processes cannot implement themselves: senior leaders – and that includes the CFO – must provide the resources to enable the organisation to implement them.

Foreword

Research methodology

Overall CFO sentiments

Reimagining the future of finance

1. Transforming finance in strategic areas
 2. Enabling the finance workforce
-

The CFO's to-do list

Looking ahead

Contact us



Finance as the ultimate owner of data

Recognising the important role that finance must play not only in leveraging data to provide insights, but also in communicating these insights throughout the organisation, CFOs are investing in enterprise-wide data and visualisation platforms, and stepping up to support frontline operations in understanding data (see “Finance as data owner and champion”).

During our conversation with the beverage CFO, they described how they are currently embarking on a digital transformation program to increase the functionalities of their ERP platform to include financial planning and analysis (FP&A) forecasting analytics, as well as budgeting and predictive analytics features. In addition, the finance team is also collaborating with the supply chain function to streamline the various sources of data across the organisation into a single business intelligence (BI) platform.

With this new BI platform, the beverage CFO hopes not only to reduce the number of manual data processes across the organisation, but also better position the finance function to leverage the use of sustainability analytics, such as relating to the measurement of the organisation’s carbon footprint and performance on environmental, social and governance (ESG) aspects.

This endeavour, however, is not without its challenges. The CFO shared that buy-in for such large-scale digital transformation projects can be hard to obtain, and talent can be hard to come by. With such transformation programs typically involving the use of external consultants, the organisation also faces difficulties in getting the right pool of internal talent to work with their external counterparts to ensure the delivery of successful programs.

FINANCE AS DATA OWNER AND CHAMPION

Like many of their peers, the CFO at a wellness and lifestyle company explained to us how forecasting has become much nimbler at their organisation. While forecasts used to be updated on a monthly basis, the rapidly evolving COVID-19 situation necessitated the shift towards weekly forecasting cycles to enable the business to obtain a better grip on expected sales and cashflow. From an operational perspective, the finance function also had to step up to support the supply chain in balancing inventory levels across multiple geographies in response to waves of local lockdowns.

But the use of data in this organisation goes far beyond operational finance: management recognises that data should underpin everything that they do; in their setup, the responsibility for data analysis and financial insights rests nearly entirely on the shoulders of the finance function.

Key data analytics use cases include the ongoing analysis of store operations by their sales and profitability, under a program first introduced about two to three years ago. To enhance the quality of the data that is captured, stores are now equipped with devices to track the amount of footfall and average duration spent by customers. This data is then used as inputs in their analytics model to produce actionable outputs for marketing and sales.

Looking ahead, the CFO is also considering ways in which their finance team can evolve to better support frontline and store operations employees in leveraging the greater use of data, and understanding its impact on overall profit and loss (P&L). Other key areas in which they believe finance can make an impact include designing compensation schemes, and supporting the business in its pivot from a product-based model to a more services-focused model.

Foreword

Research methodology

Overall CFO sentiments

Reimagining the future of finance

1. Transforming finance in strategic areas
 2. Enabling the finance workforce
-

The CFO’s to-do list

Looking ahead

Contact us



2. Enabling the finance workforce

With remote work here to stay at least in some form, CFOs will need to consider how their finance teams can develop or acquire more diverse skillsets – and fundamentally reimagine the future role of finance in their organisations.

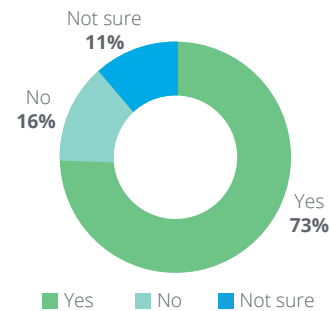
A hybrid workforce model

To understand how the finance workforce composition is likely to evolve in the future, our survey polled CFOs to find out if their organisations were considering any of the following four changes: an increased use of a remote workforce, headcount reduction, onshoring, and offshoring.

The results were clear: remote work is here to stay. Overall, almost three-quarters (73%) of survey respondents indicated that their organisations were considering the use of a remote workforce for the finance function (see Figure 13). Given that remote work transcends geographical boundaries, it is perhaps not surprising that a quarter (24%) of survey respondents are also considering offshoring, or the transferring of their finance operations to lower-cost geographies (see Figure 15).

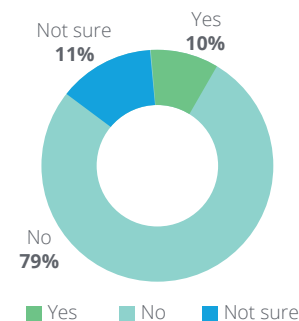
Only a minority (10%) of survey respondents are considering onshoring, or the transferring of their finance operations back to geographies from which they were previously offshored (see Figure 14), while about one-third (33%) of them are considering a headcount reduction (see Figure 16).

Figure 13: Almost three-quarters of CFOs say their organisations are considering the increased use of a remote workforce for the finance function



Question: Is your organisation considering the increased use of a remote workforce for the finance function?

Figure 14: Only 1 in 10 of CFOs say their organisations are considering onshoring the finance function



Question: Is your organisation considering onshoring the finance function (i.e. transferring of finance operations back to geographies from which they were previously offshored)?

Foreword

Research methodology

Overall CFO sentiments

Reimagining the future of finance

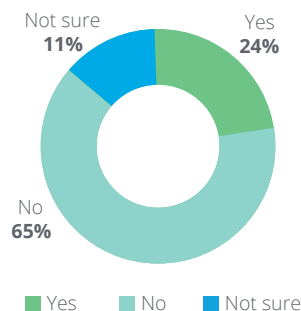
1. Transforming finance in strategic areas
2. Enabling the finance workforce

The CFO's to-do list

Looking ahead

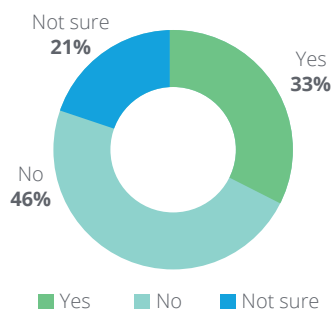
Contact us

Figure 15: A quarter of CFOs say their organisations are considering offshoring the finance function



Question: Is your organisation considering offshoring the finance function (i.e. transferring of finance operations to lower-cost geographies)?

Figure 16: Nearly one-third of CFOs say their organisations are considering a headcount reduction for the finance function



Question: Is your organisation considering a headcount reduction for the finance function?



Remote-physical split varies

Across the board, our conversations with CFOs consistently revealed that while they appreciate the significant cost savings from reduced real estate, travel, and infrastructure costs of remote work, they continue to prefer a hybrid remote-physical model for their finance teams, with at least some form of local, physical presence – not least because finance teams are taking on increasingly frontline roles.

Even CFOs who have expressed that they are very comfortable with operating remote workforce models prefer some degree of physical presence from their finance teams. For example, the regional CFO at a multinational energy corporation – who firmly believes that their current model is proof that some aspects of finance can be done anywhere – described to us how they are accustomed to always having virtual relationships with some of their team members, as the organisation has been operating a global and distributed workforce for some time.

Nevertheless, this CFO still believes that because strong interpersonal relationships remain essential for some aspects of finance, these parts will always need to be co-located with the business that they are supporting. In addition, they stressed that there is simply no substitute for in-person interactions, and building trust over virtual connections can be highly challenging. To mitigate some of these issues, their organisation has invested efforts in to design more innovative ways to onboard new hires and build stronger rapport amongst team members.

Foreword

Research methodology

Overall CFO sentiments

Reimagining the future of finance

1. Transforming finance in strategic areas
2. Enabling the finance workforce

The CFO's to-do list

Looking ahead

Contact us

Ultimately, however, remote work may not take off uniformly across geographies: the CFO noted that there may be some cultural differences in the way remote work arrangements are perceived in different markets. They observed, for example, a greater receptivity to resume physical workplace interactions in Asian markets than in the US market, where some employees may prefer to spend more time living outside densely populated cities.

Although the majority of CFOs recognise that remote work is here to stay (see “Remote work as a way of life”), the nature of their businesses may necessitate varying splits in terms of their remote and physical workforces. Perhaps unsurprisingly, we found that products-based businesses are likely to require a stronger physical presence from their finance teams.

The CFO at a forestry and resources conglomerate, for example, explained that because their portfolio of businesses are highly heterogeneous – and therefore it is not feasible for them to implement a shared services centre or central finance processing team – it remains necessary for finance teams who are supporting factory operations to be located on the ground. However, in markets such as Papua New Guinea where there is a broad-based talent shortage, the operations team will have little choice but to continue to rely on support from remote finance teams.

But beyond the hardware needed for effective collaboration in a remote work setting, CFOs must also rethink some aspects of their operations to capitalise on the shift towards more remote operating models.

This is the case even for most risk-averse and planning-oriented businesses, for whom COVID-19 had amply demonstrated that some aspects of finance could be done anywhere in the world, and with greater efficiency.

The CFO at a regional clearinghouse, for example, shared that COVID-19 and the accompanying acceleration of digitisation has increased the impetus for them to use mergers and acquisitions (M&As) as a strategic lever to expand into new businesses in overseas markets. With subsidiaries in multiple locations, the CFO believes that moving forward, trust and collaboration – rather than traditional oversight – should be the main basis of their operating model.

However, operating a more remote model also comes with several other challenges, such as internal controls – particularly those that deal with digital risks and fraud. The forestry and resources conglomerate CFO, for example, cited the challenge of verifying e-signatures, and exerting adequate control over master files.

Indeed, skills shortage is a key driver for the use of remote workforces. According to the CFO at a beverage multinational, some specialised skillsets can be relatively scarcer in several regional markets such as Malaysia. As a result, the organisation supplements their finance team with remote workforces in China and India where there is a greater availability of skills in areas such as data science. To expand their access to talent, the CFO is also considering the possibility of outsourcing in the near future.

Foreword

Research methodology

Overall CFO sentiments

Reimagining the future of finance

1. Transforming finance in strategic areas
 2. Enabling the finance workforce
-

The CFO's to-do list

Looking ahead

Contact us

REMOTE WORK AS A WAY OF LIFE

For the CFO of a leading regional bank, flexible and remote working arrangements are now a way of life. But that is not to say that office spaces will disappear: the bank recognises that it is important for its employees to have physical interactions with one another in order for the organisation to develop a culture of innovation.

To support their employees in adapting to the new norm of hybrid work, the bank introduced more flexible working arrangements to allow employees to work from home for up to 40% of their time, and launched a new job-sharing scheme to enable two employees to share a single job. Currently, the organisation is also actively working on programs to re-skill and upskill their employees for the future.

From the perspective of the finance function, remote work arrangements during the pandemic have not resulted in any perceptible loss in productivity. Leveraging the use of a full suite of digital tools, the finance team has been able to transition their day-to-day work, meetings, trainings, workshops, and webinars seamlessly to the virtual environment. In terms of infrastructure, the bank has also invested in enhancements to its cyber security infrastructure, and deployed site reliability engineering practices to monitor and scale the increased volume of traffic across its online channels.

Looking ahead to the next two to three years, the CFO will be focusing on how they can break down functional siloes to create and run a 'horizontal' organisation. This shift, which represents a significant change from the current vertical paradigm, is enabled not least by the bank's investments in the comprehensive digitalisation of collaboration and workflows. In addition, the bank will also be implementing a data-driven operating model to ensure that data becomes central to managing all aspects of work. Under this model, continual experimentation and the use of artificial intelligence (AI) will be key.

The CFO recognises that such developments will necessitate significant upskilling of the finance workforce in areas such as design thinking, data analytics, AI, machine learning, and agile methodologies. They believe that managers will also need to learn how to better drive employee engagement and measure performance, particularly in the context of a horizontal workforce.

Foreword

Research methodology

Overall CFO sentiments

Reimagining the future of finance

1. Transforming finance in strategic areas
 2. Enabling the finance workforce
-

The CFO's to-do list

Looking ahead

Contact us

Diversity in skills

One overarching theme in many of the conversations that we had with CFOs was the need for finance to develop greater diversity in skillsets beyond their technical areas of accounting and finance, especially as some areas of finance undergo increasing levels of automation. The media and entertainment CFO, for example, believes that key skills needed by finance teams of the future include data analytics, coding, IT engineering, as well as expertise in leading transformation programs.

With the goal of reducing the finance team's workload by about 20%, the CFO shared with us they have recently hired new talent to oversee transformation programs targeted at automating some day-to-day operational processes. However, they stressed the need for balance, as certain aspects of finance – particularly those relating to statutory audits – cannot be centralised and automated.

Similarly, the CFO at a lifestyle and wellness company is also looking at automation as a way to reduce the workload of their lean, Singapore-based finance team. Having automated the sales processes, the CFO is now looking at how they can better automate the payables and inventory processes, and ultimately reduce the size of their offshore finance teams by a third through a gradual, no-replacement attrition policy.

Beyond technical competencies, the CFO at a regional clearinghouse believes that finance talent needs to have the right mindset in order to be able to weigh trade-offs, and be comfortable functioning with greater ambiguity. The key, according to them, is for finance teams to become more savvy at using historical data or trends to make more informed decisions about the future, and more flexible in allowing for a range of different outcomes.

Unlike some other CFOs, however, this CFO did not believe that it is necessary for finance teams to possess in-depth IT knowledge, as there are now out-of-the-box-tools that can enable everyone to code. For them, it was more important that the finance team is able to leverage data to generate possibilities for the business within an unstructured context. However, one significant hurdle that they have identified is that managers tend to be uncomfortable hiring talent with diverse skillsets, preferring instead those with conventional, core accounting skillsets.

To cultivate a pipeline of more diverse talent, the CFO described how they are currently collaborating with several local universities on curricula and apprenticeship programs to develop data science talent, and enable undergraduates without accounting or financial backgrounds to find new roles in the financial services sector.

As finance teams become more global and diverse, there will also be the greater need for soft skills. The multinational energy CFO, for example, observed that COVID-19 has forced many finance team members to work with a more global set of contacts, and therefore required them to develop a greater level of flexibility and cultural sensitivity.

Foreword

Research methodology

Overall CFO sentiments

Reimagining the future of finance

1. Transforming finance in strategic areas
 2. Enabling the finance workforce
-

The CFO's to-do list

Looking ahead

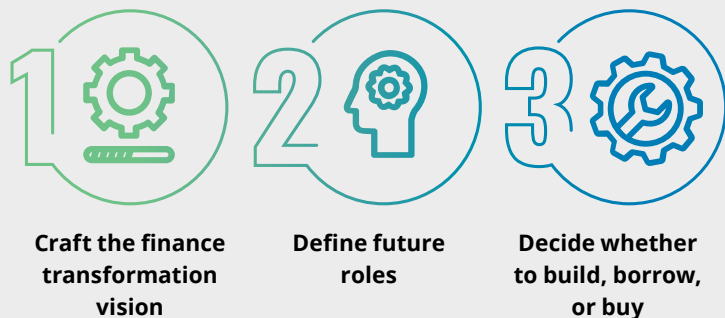
Contact us



The CFO's to-do list

Delivering next-generation finance

As CFOs look to create their next-generation finance in a future defined by remote work and the increasingly frontline role of finance teams, they will need to take the lead in crafting the transformation vision, and defining the future roles and capabilities for their finance function. Once these have been established, they can then move on to develop a strategy to acquire these capabilities by building, borrowing, or buying.



1. Craft the finance transformation vision

CFOs who wish to accelerate their readiness to operate in the new normal have a clear path forward: they need to understand the mix of humans and technology required to meet changing expectations, update roles and job descriptions, and importantly, make sure that their talent are ready for the next-generation finance that they will create.

This requires crafting an ambitious but realistic finance transformation vision, one that articulates which technology investments – including but not limited to ERP, collaboration and workflows, business finance, risk monitoring and compliance, or data management and analytics – to prioritise, defines the talent that will thrive in the new normal, and decides how best to upskill them.

2. Define future roles

Based on our conversations with CFOs and other market observations, we believe that the future finance roles will likely fall into three main categories: Storytellers, Interpreters, and Machine Managers (see Figure 17).

These roles are likely to differ not only in terms of the skills required of the talent, but also in terms of their human-machine mix. For example, while the role of Storytellers may be thought of as uniquely human, some companies have begun leveraging natural language generation (NLG) technologies to support the production of investor communications by automating more laborious aspects of data gathering.

On the flip side, even the roles that leverage the greatest use of machines are unlikely to be fully automated. Machine Managers, for example, will still be required to oversee automation processes and ensure that these remain aligned to the priorities of the rest of the finance organisation. Ultimately, talent will be required to operate in new and different ways – with creativity, intuition, and judgement remaining high on the human value chain.

Foreword

Research methodology

Overall CFO sentiments

Reimagining the future of finance







1. Transforming finance in strategic areas
2. Enabling the finance workforce

The CFO's to-do list

Looking ahead

Contact us

Figure 17: Three main categories of future finance roles

		STORYTELLERS	INTERPRETERS	MACHINE MANAGERS
	Goal	Actively engage stakeholders of the finance function	Interpret data and derive insights to enhance quality and protect the organisation against risk	Integrate automation and other machine learning initiatives with talent model
	Key stakeholders	<ul style="list-style-type: none"> • Executive leadership • Boards of directors • Investors • Employees 	<ul style="list-style-type: none"> • Finance leadership • Audit committee 	<ul style="list-style-type: none"> • Finance leadership
	Where they are needed	<ul style="list-style-type: none"> • Business partnering • Financial and non-financial reporting • Investor relations • Tax • Treasury 	<ul style="list-style-type: none"> • Data analytics and forecasting • Audit • Compliance 	<ul style="list-style-type: none"> • Tax compliance • Transfer pricing • Payables • Treasury • Risk management
	Talent competencies	<ul style="list-style-type: none"> • Business acumen • Ability to unpack complexity • Writing and visualisation skills 	<ul style="list-style-type: none"> • Investigative skills to examine anomalies in data and suggest corrective actions • Ability to interpret and comply with regulatory guidance 	<ul style="list-style-type: none"> • Technology acumen • Ability to operate under pressure in real time
	Technology enhancements	<ul style="list-style-type: none"> • NLG • Advanced visualisation tools 	<ul style="list-style-type: none"> • Big data • Neural modelling • AI 	<ul style="list-style-type: none"> • Transaction processing • Exceptions reporting
	Balance	80% human, 20% machine	30% human, 70% machine	50% human, 50% machine

Foreword

Research methodology

Overall CFO sentiments

Reimagining the future of finance

1. Transforming finance in strategic areas
2. Enabling the finance workforce

The CFO's to-do list

Looking ahead

Contact us

3. Decide whether to build, borrow, or buy

Often, a CFO's first instinct to acquire new capabilities and build a future-ready workforce is to upskill their team through training and development. Typically, this is done by identifying the employees critical to future operations and ensuring that they get the learning experiences they need to step up. While upskilling should be part of any future workforce plan, it may not always be sufficient to meet all future talent needs.

But this also does not mean that CFOs need to go on a hiring spree: there is a good chance that these capabilities already exist within the organisation, if not within the finance team. CFOs should therefore look within their organisations to see if they can borrow employees with transferable skillsets from other functions. For example, a Storyteller capable of bringing financial information to life may already exist in the marketing function, and a Machine Manager capable of driving automation programs may already exist in the IT or supply chain functions.

In certain instances, it may be necessary to buy workforce resources – including human talent, robots, and machine learning tools – on the open market, either through full-scale outsourcing or targeted hiring of employees, contractors, and freelancers. In the longer term, CFOs should also consider establishing partnerships and collaborations with local universities or higher education institutions to develop a sustainable pipeline of skills and capabilities.

Foreword

Research methodology

Overall CFO sentiments

Reimagining the future of finance

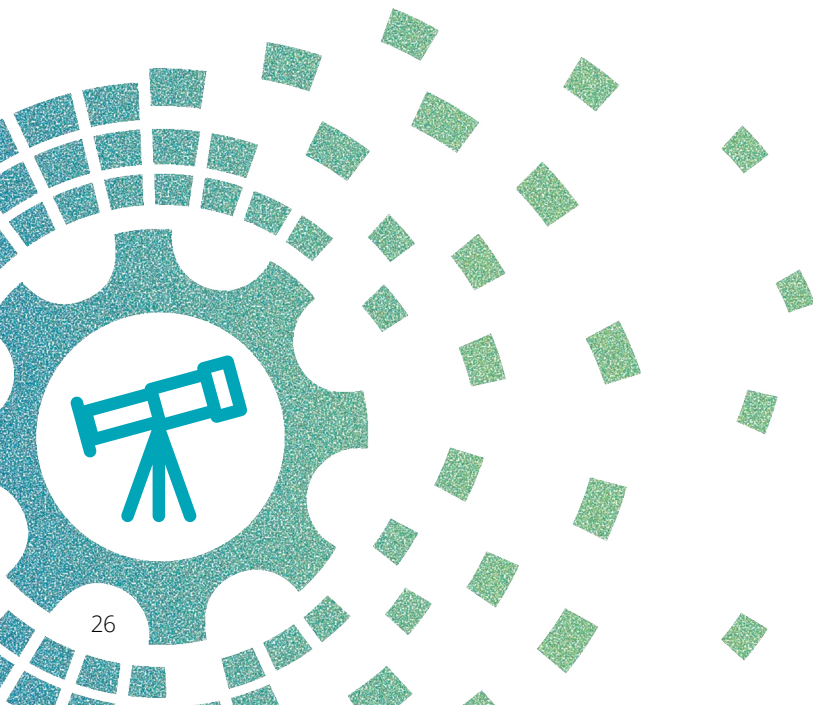
1. Transforming finance in strategic areas
 2. Enabling the finance workforce
-

The CFO's to-do list

Looking ahead

Contact us

Looking ahead



Foreword

**Research
methodology**

**Overall CFO
sentiments**

**Reimagining the
future of finance**

1. Transforming
finance in strategic
areas
 2. Enabling the
finance workforce
-

The CFO's to-do list

Looking ahead

Contact us

Looking ahead

CFOs are no doubt used to change, but some of today's realities feel somewhat different. Given the vast amount of uncertainty in the market, and nearly infinite number of options to spur growth and drive efficiency, it is little wonder that CFOs are still trying to make sense of it all to determine what comes next.

While there are no obvious answers, what is becoming increasingly clear is that doing one or two things exceptionally well and working in isolation are unlikely to cut it. In its future role, finance will be all about managing across functions, building the right combination of talent and capabilities, as well as owning and operating a strong organisation-wide data foundation.

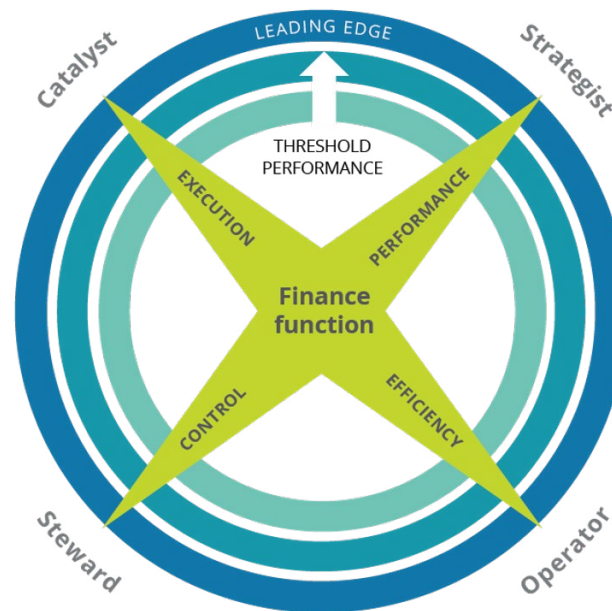
Excelling in so many areas may sound like a tall order. But it doesn't have to be that way if CFOs can invest strategically in areas where their efforts would best facilitate progress in others. Business partnering, in particular, is likely to be one exceedingly important multiplier: the real value of finance when it comes to data, for example, lies in supporting other functions in interpreting the data to enable them to make more informed and meaningful decisions throughout the organisation.

As finance functions evolve to become flatter, more enabled by technology, and more diverse in terms of talent, critical finance roles are likely to place a greater emphasis on holistic business knowledge and soft skills, rather than specialised skills in traditional areas such as accounting or treasury. To ensure that their next-generation workforce is equipped with these future-ready skills, CFOs must therefore also consider how they wish to build, borrow, or buy these capabilities – and act sooner, rather than later, to build a sustainable pipeline of talent.

As CFOs ponder these hard questions with no easy solutions, our final word of advice is that they should focus less on the pursuit of perfection, and more on continually improving the value that finance delivers to the organisation. After all, the future is not set in stone: it is ultimately the very own actions of CFOs and their finance teams that will contribute to the reshaping and reimagining of the finance function of the future.

Figure 18: Deloitte's "Four faces of a CFO" framework

Catalyze behaviours across the organisation to execute strategic and financial objectives while at the same time creating a risk intelligent culture



Protect and preserve the critical assets of the organisation and accurately report on financial position and operations to internal and external stakeholders

Provide financial leadership in determining strategic business direction, M&A, financing, capital market and longer term strategies vital to the future performance of the company

Balance capabilities, talent, costs and service levels to fulfill the finance organisation's core responsibilities efficiently

Foreword

Research methodology

Overall CFO sentiments

Reimagining the future of finance

1. Transforming finance in strategic areas
2. Enabling the finance workforce

The CFO's to-do list

Looking ahead

Contact us



Contact us

SEA CFO Program leadership team

Southeast Asia & Singapore

Timothy Ho

kwho@deloitte.com

+65 6232 7467

Malaysia

Yee Wing Peng

wpyee@deloitte.com

+60 3 7610 8800

Ho Sai Weng

swho@deloitte.com

+60 3 7610 7329

Philippines

Melissa Delgado

medelgado@deloitte.com

+63 2 8 581 9019

Thailand

Somkrit Krishnamra

somkrishnamra@deloitte.com

+66 2034 0134

Vietnam

Thinh Pham

thpham@deloitte.com

+84 28 710 14020

About the SEA CFO Program

Leading with Confidence

CFOs are increasingly challenged to lead the organisation to adapt strategically to market changes we face today. Deloitte's SEA CFO Program brings bold, relevant offerings with forward thinking insights for every stage of a CFO's career to help them drive business impact and lead with confidence into tomorrow.

To learn more on our program offerings, please visit our **website** or email us at **cfoprogramsea@deloitte.com**

Foreword

Research methodology

Overall CFO sentiments

Reimagining the future of finance

1. Transforming finance in strategic areas
 2. Enabling the finance workforce
-

The CFO's to-do list

Looking ahead

Contact us



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.