

# Finance: a journey to the future

May 13<sup>th</sup>, 2022

Presenter: Ian Ng



## Ian Ng

- Malaysian
- 2 years in Beijing and 16 years in Shanghai
- Active in ACCA
- Love to play sports

### Education



### ACCA Role

- International Assembly Member
- International Business Forum Committee Member
- President of Central China Steering Committee

### Companies

### Time

### Roles



May 2021 ~ Present

Chief Financial Officer & Head of M&A  
APAC Ammega



April 2018 ~ May 2021

Chief Financial Officer of China



Oct 2014 ~ Feb 2018

Chief Financial Officer of  
GE Transportation China & APAC

Nov 2012 ~ Sep 2014

Chief Financial Officer of GE R&D China



Dec 2009 ~ Oct 2012

Controller of Eaton Electrical China

Oct 2006 ~ Nov 2009

M&A Manager of Eaton Corp Asia Pacific



Dec 2004 ~ Sep 2006

Senior Accountant of Ernst & Young



Jan 2001 ~ Dec 2004

Senior Associate of PricewaterhouseCoopers

# Finance: a journey to the future?

## Executive summary



Finance a journey to the future\_May 1

01

The biggest barrier is 'mindset' change in the leadership of, and role of finance; in part this may be due to the different perceptions of different generations

02

There is a need to focus on the 'insights' agenda and access to data: both internally and externally sourced data.

03

Organizations need to reduce transaction processing activities using technology and by optimizing processes.

04

Technology isn't just about 'cost' but also about how it can assist you to add value to the business, which will be difficult without technology.

**Research Result**

05

Technology knowledge is key for establishing the future capability of finance; finance leaders need to keep abreast of the trends.





06

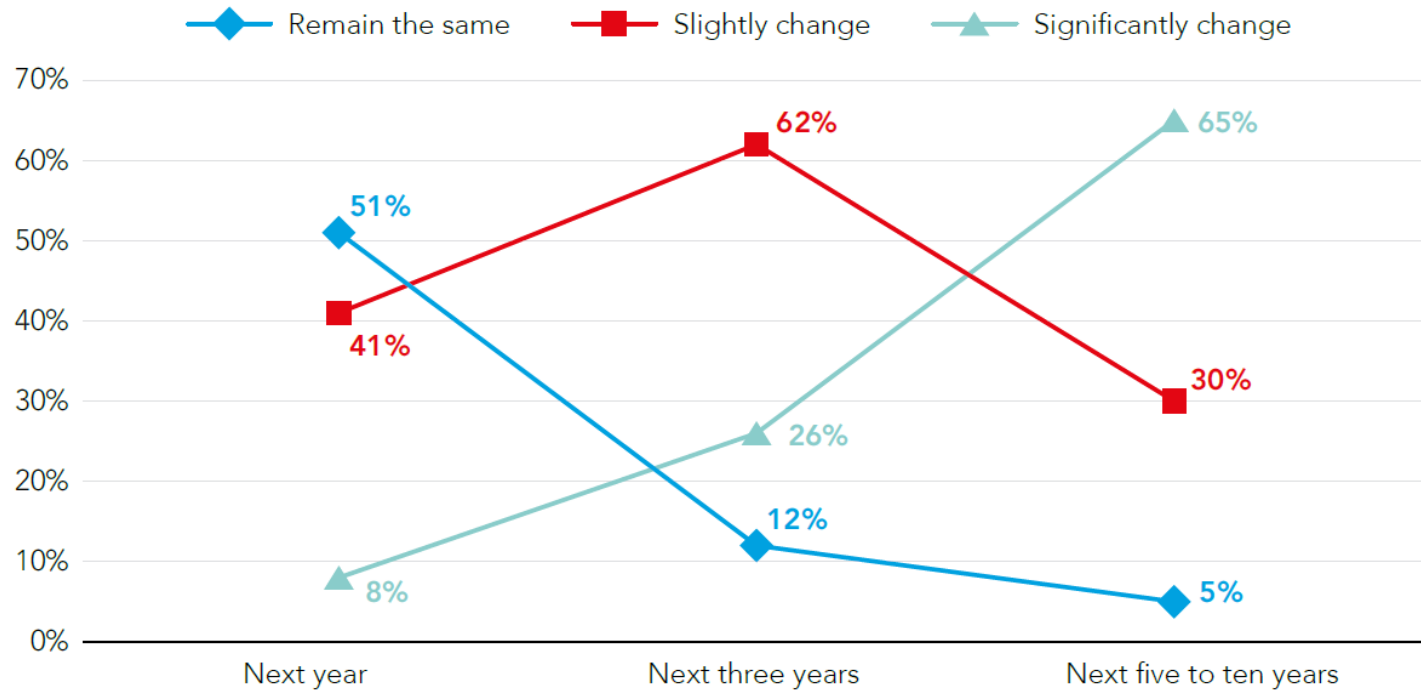
Headcount reduction is a by-product of technology, not the objective.

07

There is a need to rethink traditional cycles, which are often based on historic manual processes and nonintegrated systems, and replace them with agile, real-time processes.

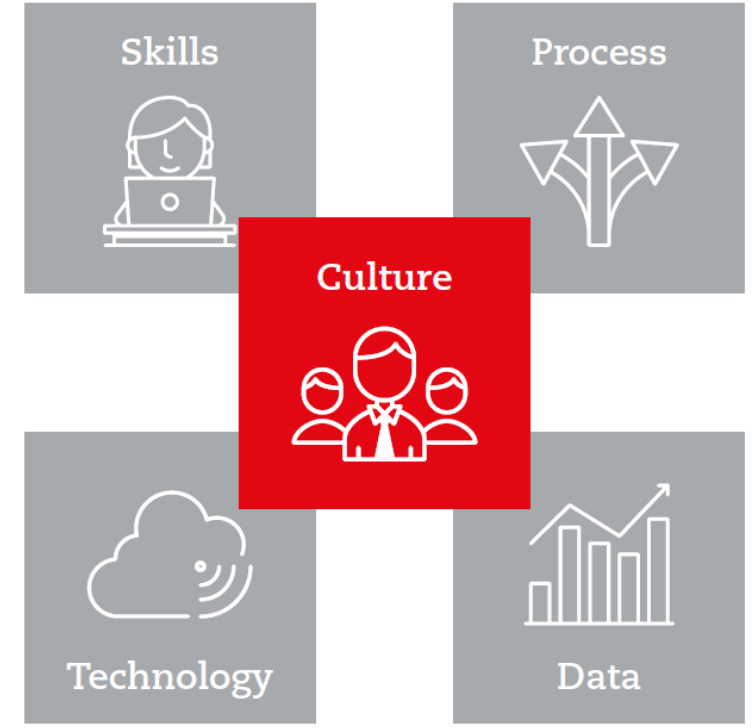
# Key considerations

<b>DATA</b> 	<b>TECHNOLOGY AND PROCESSES</b> 	<b>SKILLS</b> 	<b>CULTURE AND ORGANISATION</b> 
<p>Understand the key data that drives the organization and ensure appropriate governance over it.</p>	<p>Invest in systems to aggregate existing data sources as a step to a cloud-based infrastructure</p>	<p>Ensure that finance competence is at the core of strategic decision making.</p>	<p>Promote a culture of learning to ensure that finance team members have the relevant skills to address the business need.</p>
<p>Understand the key data that drives the organization and ensure appropriate governance over it.</p>	<p>Include investment in automation tools in the finance component of the technology strategy.</p>	<p>Invest in business partnering skills that can be leveraged at both the strategic and the tactical levels across the organization.</p>	<p>Reappraise location strategy and ensure that finance competence is located as an integral part of the decision-making process.</p>
<p>Develop a data management strategy to overcome the legacy of disparate systems and processes.</p>	<p>Enact a technology strategy for the organization, including finance, that uses ‘best-of-breed’ cloud-based systems.</p>	<p>Reappraise career paths and ensure that development paths reflect the opportunities that the organization can offer.</p>	<p>Reappraise the internal organizational structure to bring finance closer to strategic decision making.</p>
	<p>Map out the necessary skill-development effort required to support change.</p>	<p>Invest in agile leadership skills for senior finance team members.</p>	









**FIGURE 1:**  
How significantly will the role of the finance function change – percentage of respondents?

# Evolution of finance



**FIGURE 2:**  
Dimensions underlying the evolution of finance

# Six hypotheses driving finance's transformation

<p>Accessible, trusted data will drive real-time, customer-centric decision making</p>	<p>Trusted data will be open and accessible across the organisation</p>	<p>Finance teams will spend all of their time on generating insights</p>	<p>Traditional finance roles will disappear. New roles, skills and career paths will be needed</p>	<p>The finance 'function' will be virtual</p>	<p>The traditional CFO role will no longer exist – to be replaced by roles such as chief operating officer and chief strategy officer</p>
<ul style="list-style-type: none"> <li>Existing planning, budgeting and forecasting processes will be replaced by dynamic, AI supported, modelling.</li> <li>Finance and operational data will be integrated to give one unified 'version of the truth'.</li> </ul> 	<ul style="list-style-type: none"> <li>Artificial Intelligence (AI), machine learning and blockchain will form the basis of transactional processing and transform data quality.</li> <li>Finance will assume a governance role over the quality and interpretation of data, ensuring security and integrity.</li> <li>Internal controls will be embedded through technology in end-to-end processes.</li> </ul> 	<ul style="list-style-type: none"> <li>Finance's reporting role will disappear – delivery will be through self-service data presentation and enquiry.</li> <li>External reporting will be real-time and integrated.</li> <li>Regulators will access data remotely on a real-time basis.</li> <li>Finance teams will focus externally, on markets, competitors and spotting disruption.</li> </ul> 	<ul style="list-style-type: none"> <li>New roles will be required, eg to design, configure and maintain highly automated finance systems and processes, and to manage the 'ecosystem'.</li> <li>Data skills are central to the new finance roles and skills.</li> <li>Career development will be quite different with the transformation of the traditional finance function.</li> </ul> 	<ul style="list-style-type: none"> <li>There will be no traditional finance function.</li> <li>Core processing activities will be largely automated and/or delivered through an ecosystem of on-demand resource, outsourcing and automation.</li> <li>Routine interaction will be through chat-bots, apps and AI. Finance adjustments will no longer be required as ledgers and sub-ledgers integrate and/or use blockchain.</li> </ul> 	<ul style="list-style-type: none"> <li>There may be no business requirement for a senior finance leader to have a recognised accountancy qualification.</li> <li>Stakeholder management will be more important than financial acumen at the senior level.</li> </ul> 

# Shaping Culture Driver

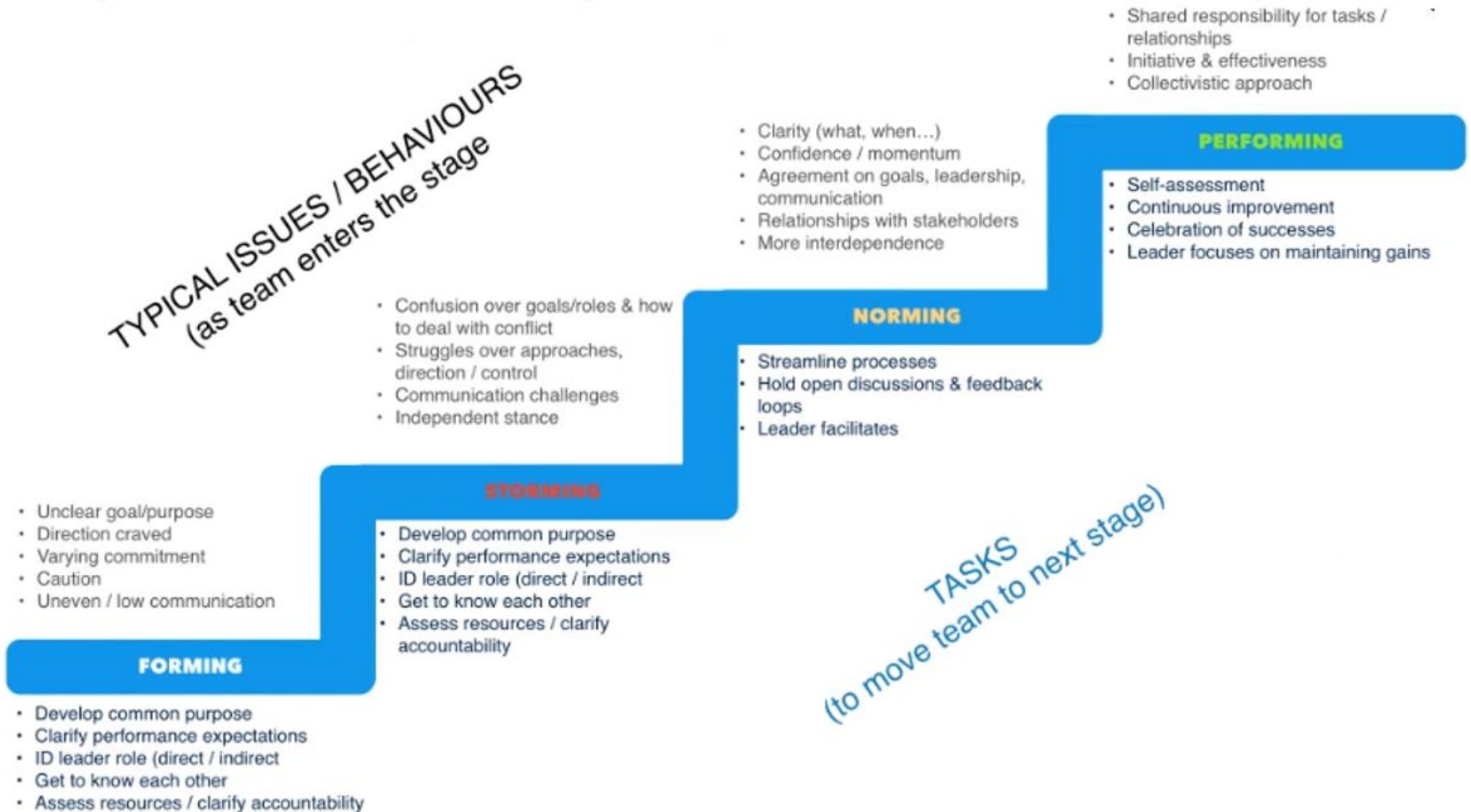
- Clear organization structure
- Clear roles and responsibilities
- Clear KPI's and MAP measurements
- Clear incentives policy
- Clear communication



- Corporate Policies & Procedures
- Global / Regional / local statutory
- Internal control and risk management

- Clear sales operational processes
- Simplification of work flow
- Closer partnership: various business unites
- Digital transformation
- Act local, think global

# Phases of Team Development





# Team Performance Model



# Behavior – Change Continuum

1

Unaware

- Raise awareness
- Recommend a solution

2

Aware, Concerned, Knowledgeable

- Identify perceived barriers and benefits to behavior change

3

Motivated to Change

- Provide logistical information
- Use community groups to counsel and motivate

4

Tries New Behavior

- Encourage continued use by emphasizing benefits
  - Reduce barriers through problem solving
  - Build skills through behavioral trials
    - Social support

5

Sustains New Behavior

- Remind them of benefits of new behavior
- Assure them often ability to sustain new behavior
  - Social support



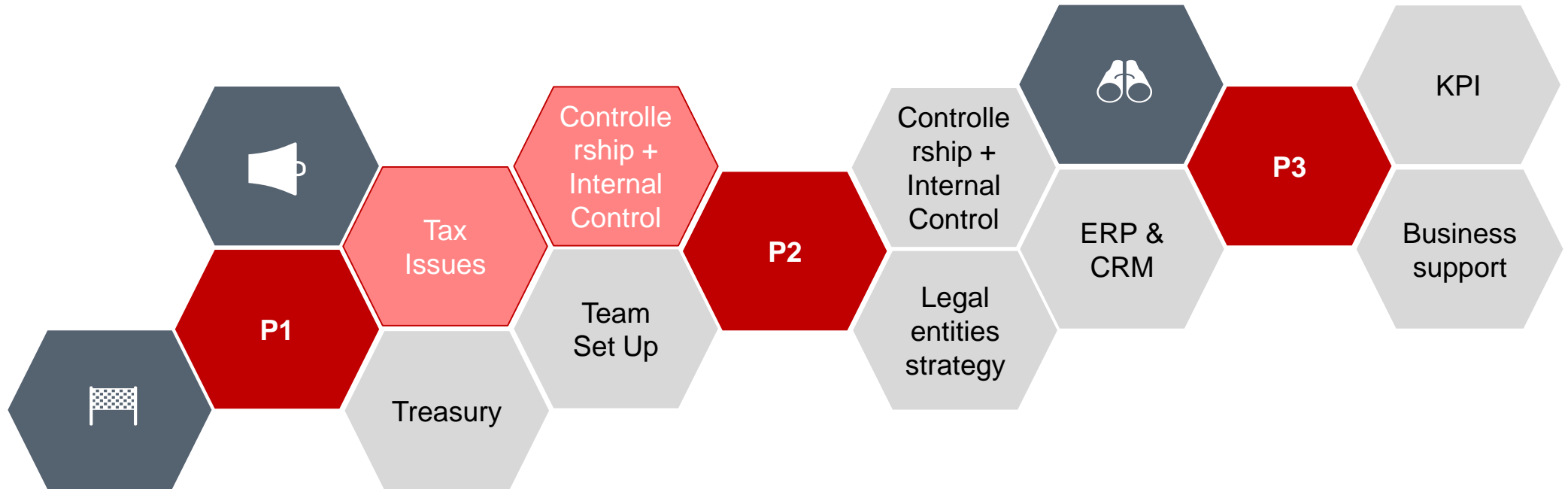
Think Ahead

# Business Objectives vs Organization Competencies Gap

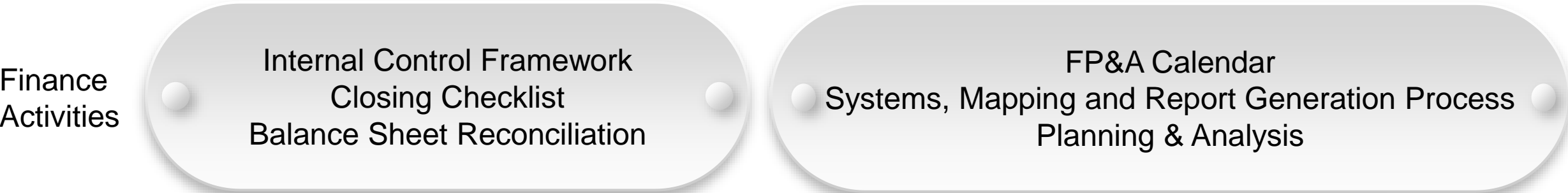
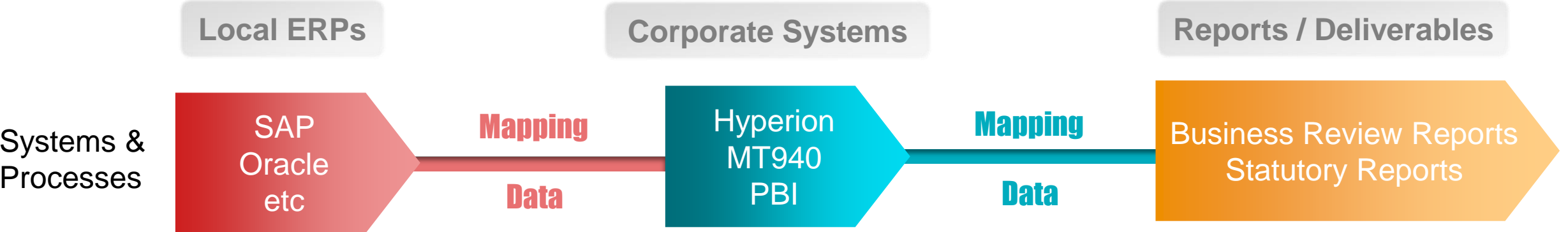
Key Objectives  
Subfunction



Task & Timing



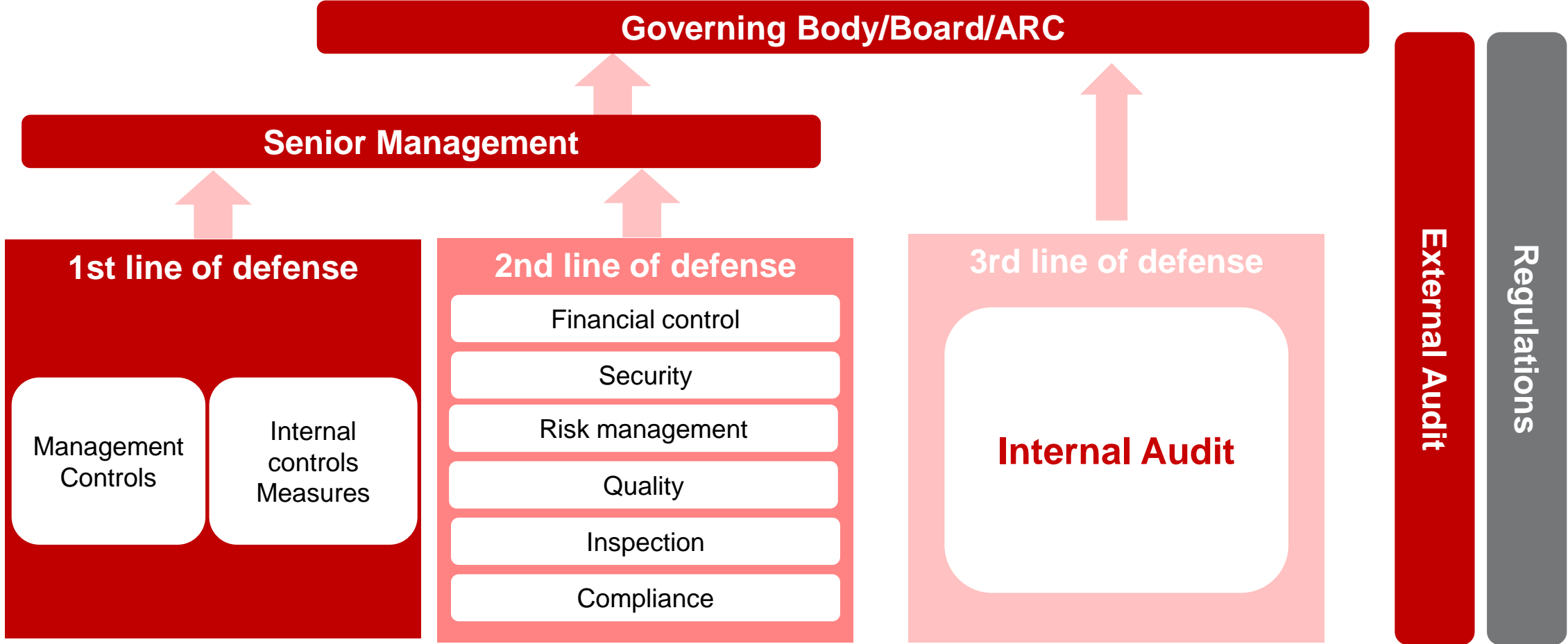
# Financial Data Process Overview



SIMPLIFICATION & DIGITAL TRANSFORMATION PROCESS

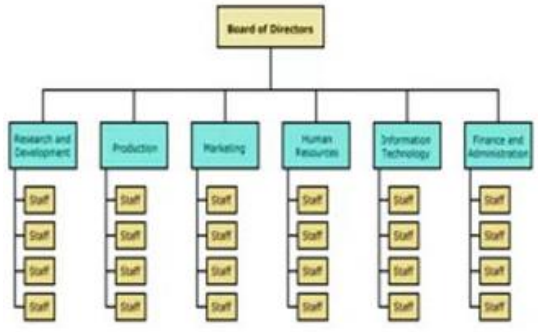
# Internal Control Structure

The 3 lines of defense model

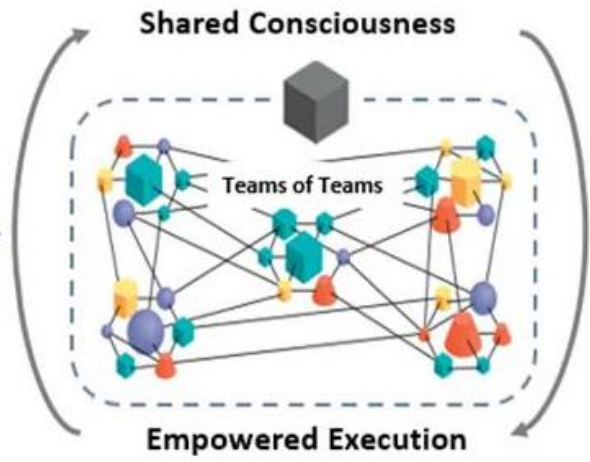


**Management designs and implements Internal Controls, Internal Audit provides assurance**

**The traditional Org-Chart**  
Scalable Efficiency



**Team of Teams**  
Scalable Adaptability  
BI-CHC Example

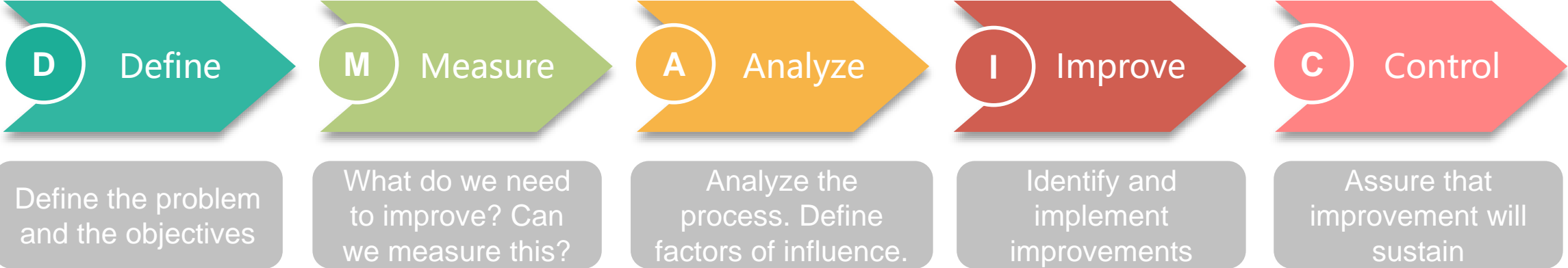


# Networks of teams

- Small multidisciplinary teams and divisions
- Connected teams within a decentralized structure
- A team's purpose that fits the organizational purpose
- Teams come and go

Why it works	Conclusion
It breaks down silos. All needed tasks and responsibilities lie within the teams themselves.	Create small, multidisciplinary teams and split them when they grow over 15 members
It creates a strong sense of ownership as team members are fully responsible for their own results.	Have each team craft its own purpose within the organizational purpose
Employees feel like they run a 'business'. They don't focus on a single part like sales, purchasing, or production. It therefore significantly increases entrepreneurship.	Make teams responsible for their own results and give them a (financial) stake in the outcome
A healthy dose of peer pressure arises between the teams.	Create transparency to foster a healthy dose of competition
Teams can quickly adapt and respond to changing customer needs. They don't need to wait for slow top-down change programs.	Leverage the power of technology to create alignment
The increased autonomy level leads to an increased engagement level.	

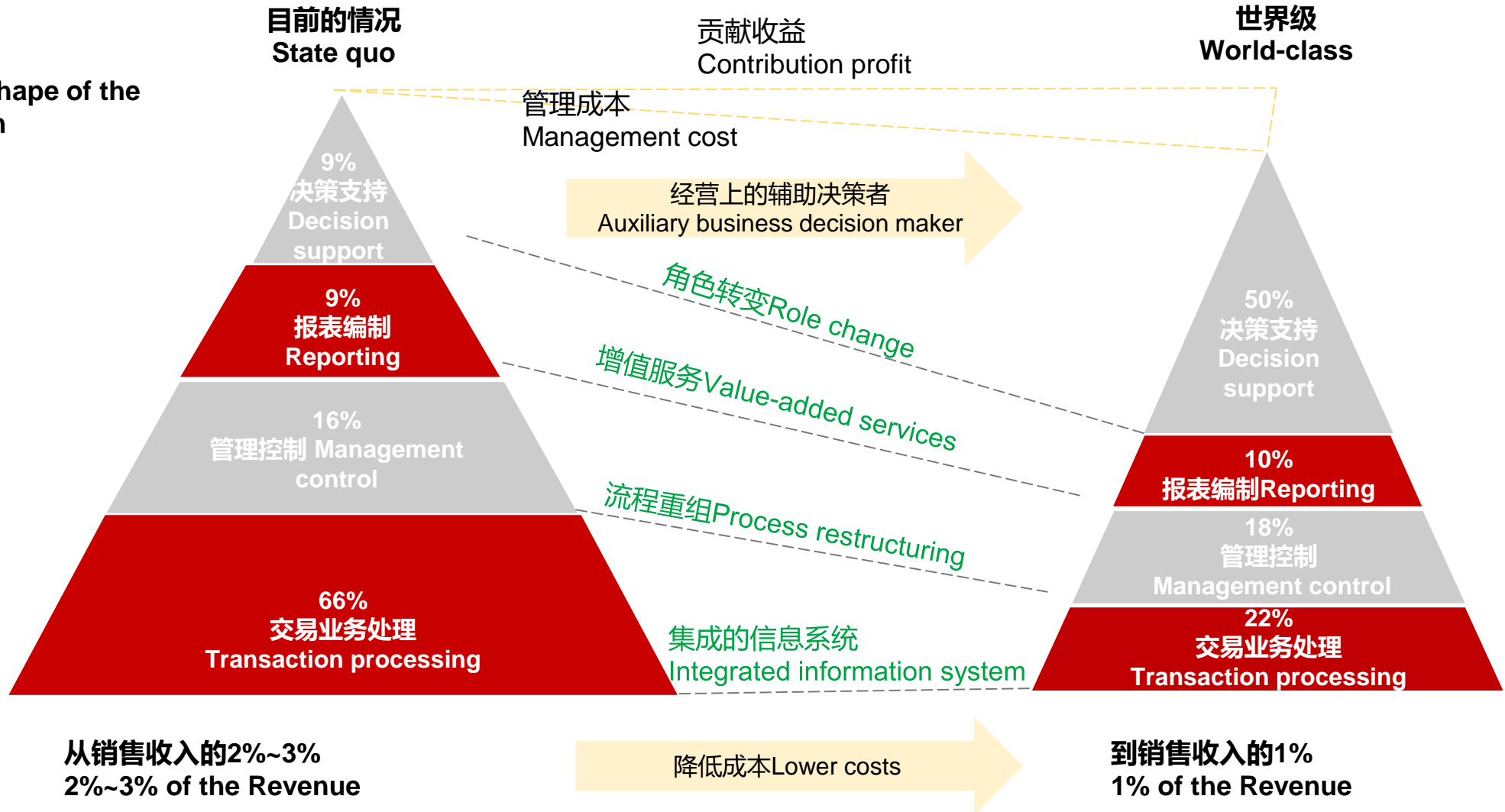
# DMAIC Model



<b>System</b>	What is the problem?	What data is available?	What are the root causes of the problem?	Do we have the right solutions?	What do we recommend?
<b>+</b>	What is the scope?	Is the data accurate?	Have the root causes been verified?	How will we verify the solutions work?	Is there support for our suggestions?
<b>Process</b>	What key metric is important?	How should we stratify the data?	Where should we focus our efforts?	Have the solutions been piloted?	What is our plan to implement?
	Who are the stakeholders?	What graphs should we make?	What clues have we uncovered?	Have we reduced variation?	Are results sustainable?

# Finance Transformation in the Digital Age

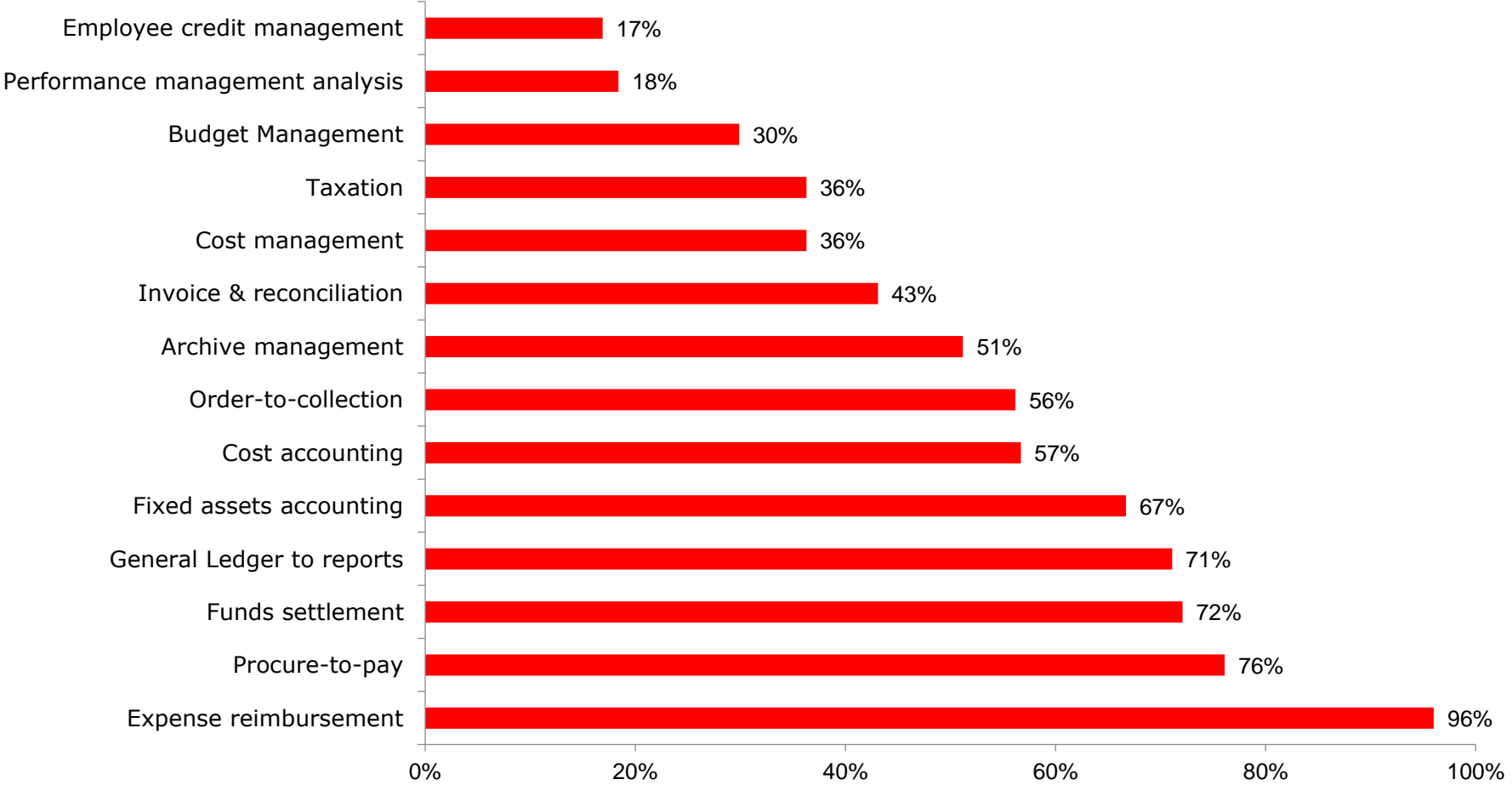
**财务职能的变化**  
The changing shape of the finance function



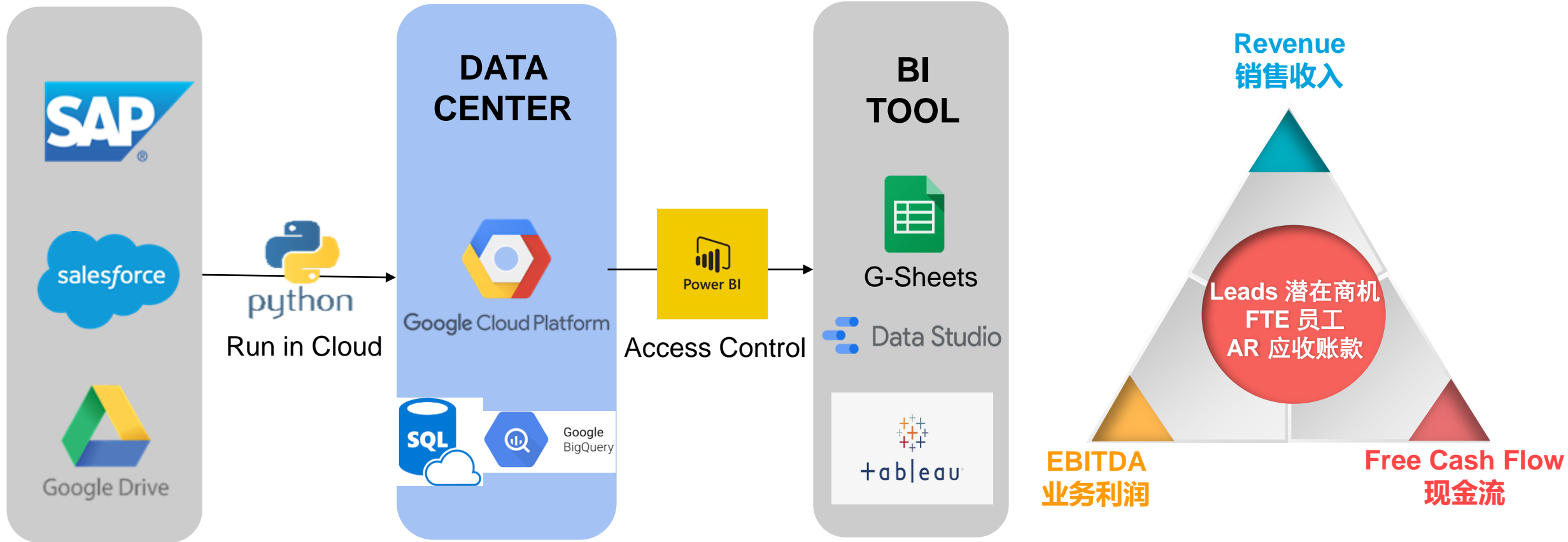


# Transaction Processing in China Service Center

**No. of covered business processes**



# System Architecture And Data Reporting





Think Ahead

# ACCA Career Navigator – Code 543207

Sustainable Business & Finance Professionals: Create, Protect, Report Value				
5	4	3	20	7
Drivers of Change	Career Zones	Skill Levels	Career Opportunities	Core Capabilities
<ul style="list-style-type: none"> <li>■ Economy (incl. Politics)</li> <li>■ Environment</li> <li>■ Technology</li> <li>■ Society</li> <li>■ Workforce (&amp; 20 Trends)</li> </ul>	<b>Assurance Provider</b> <i>- Brings new levels of governance</i>	<b>Proficient</b>	① External Auditors ② ESG Assurers ③ Public Sector Auditors ④ IA / Risk Professionals	<input type="checkbox"/> Ethics - <b>HEART</b> <input type="checkbox"/> Sustainability – <b>EYES</b>
	<b>Enterprise Analyst</b> <i>– Brings data to life</i>		① FBP ② Performance Managers / Analysts ③ Project / Program Accountants ④ Treasury Professionals ⑤ Corp Finance Experts	<input type="checkbox"/> Digital – <b>BRAIN</b> <input type="checkbox"/> Drive-5 – <b>LEG</b>
	<b>Stakeholder Reporter</b> <i>– Reports in more meaningful ways</i>	<b>Expert</b>	① Corp Reporters ② Controllers ③ Tax Experts ④ Investor Relations ⑤ Public Sector Reporters	<input type="checkbox"/> Expertise-7 – <b>LEG</b> <input type="checkbox"/> Insight-5 – <b>HAND</b>
	<b>Transformation Driver</b> <i>– Thinks Ahead</i>	<b>Leader</b>	① Advisers ② Educators ③ Entrepreneurs ④ GBS Professionals ⑤ Technology & Data Leaders ⑥ CFO/C-Suite	<input type="checkbox"/> Collaboration-5 - <b>HAND</b> # - Key Competencies



**Thank you!**

