



The Digital Future of Financial Operations: Why CFOs Need to Prepare for Transformation Now

Complimentary Webinar Presented by VersaPay & Hosted by FEI



John McLeod joined VersaPay in 2014 and is responsible for creating and delivering the company's brand and marketing strategy. John was formerly Vice President, Marketing at Desire2Learn, a global SaaS based learning solutions provider. During his tenure he was instrumental in its growth from 35 employees to a global enterprise of nearly 900 employees serving 13 million learners. John has been a key member of senior management teams driving growth in both start-up ventures and large technology companies including MetroNet Communications, AT&T Canada and Allstream. John holds a BBA from Wilfrid Laurier University, an MBA from the Ivey School of Business at Western University and a CPA designation.



John McLeod
VP Marketing
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Agenda

- 01 Introduction
- 02 The evolving role of the CFO
- 03 Today's technology adoption landscape
- 04 Understanding the urgency
- 05 Leveraging FinTech to become a leader
- 06 Q&A



The evolving role of the CFO





Traditional finance functions

- Accurate accounting & reporting
- Existing status/compliance
- Securing Capital
- Preventing bad debt / manage risk
- Public Markets / Stakeholders
- Timely collections - predict cash

The evolving role of the CFO



*“CFOs and their teams are being pressed to deliver timely insights to facilitate strategic decision making, manage risk, and help increase profitability”**

*From Responder to Architect: The Transformative CFO Agenda. A.T. Kearney Analysis. 2017

Source: From Responder to Architect: The Transformative CFO Agenda. A.T. Kearney Analysis. 2017

From responder to architect: Blending technical and commercial expertise

Responder

with a financial focus...

Strong financial leader

- Finance reporting
- Investor and analyst relations
- Compensation & benefits
- Risk analysis
- Cost control
- Legal solutions



Architect

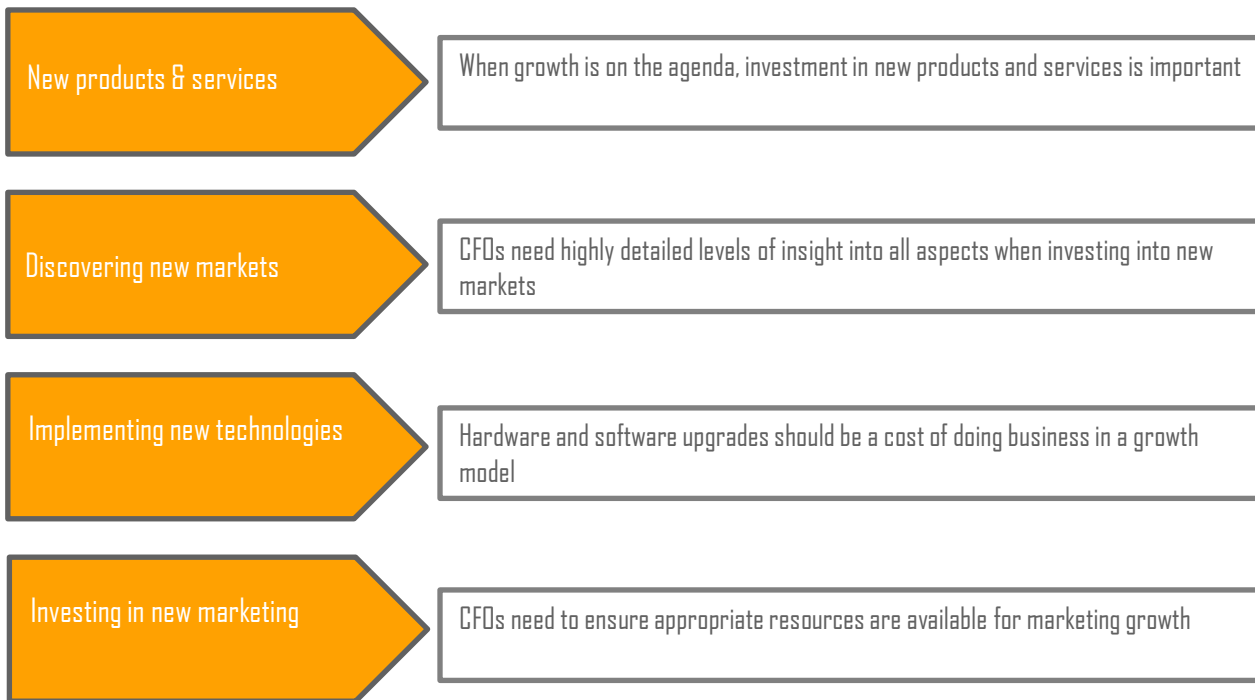
with a strategic focus...

Collaborative partner to the CEO

- Drivers of stakeholder expectations
- Demographics and consumer trends
- Sector evolution/convergence
- Leveraging value in the business- tangible and intangible assets
- Opportunities and risk in developing economies
- Corporate communications and reputation

*The Changing Role of the Chief Financial Officer: Savannah White Paper. Savannah Group. 2017

Architects driving strategic growth

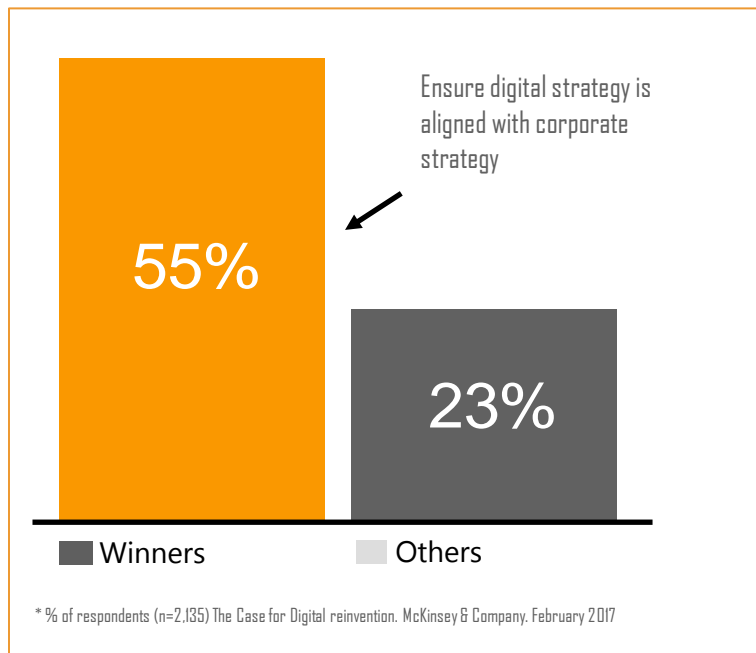


Source: Opportunity+ Risk, Succeeding as a Strategic Accounting and Finance Leader in the New Economy. Parker & Lynch.

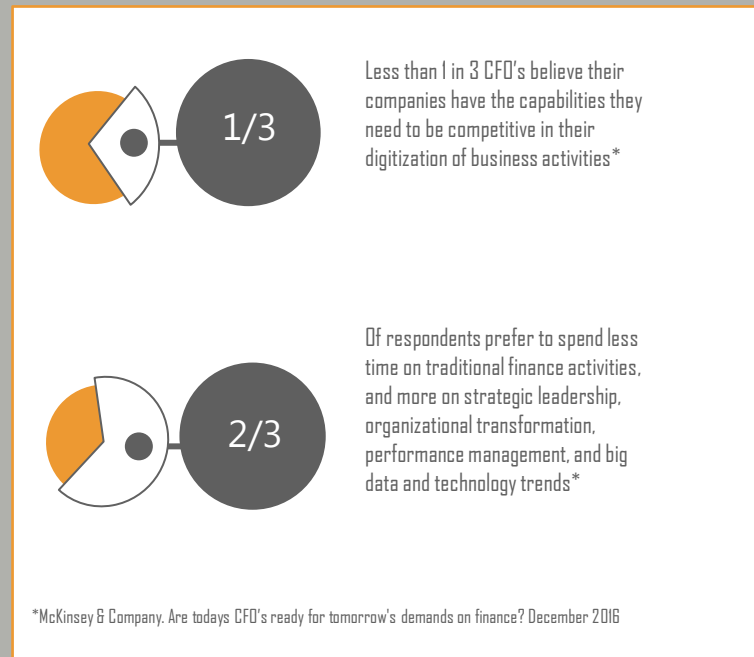
*"Tomorrow's CFO will need to ensure finance is a catalyst for change across the business, driving outcomes that affect long-term business performance, not just short-term finance outcomes or one-off cost reductions."**

**The Changing Role of the CFO. ACCA and IMA, 2017.*

Innovation is The responsibility of the CFO



What do leading companies do differently?



The new CFO

Then

Managing processes

Overseeing Reporting and Compliance

Now

Driving Outcomes

Enabling Organization for Future Success

"While finance must always maintain rigor and discipline around costs, cash and compliance, in the digital world, finance and business experimentation are not an odd couple. Digital technologies embed backend process controls that ensure accuracy and integrity early in the process, giving finance better data faster, and more room to experiment."

*Architecting the Future Finance Workforce. Accenture. 2016

Poll Question

What do you think are the 3 most important aspects of a CFO's role today? (select 3 from below)

- Sourcing cost effective capital structure
- Defining and/or contributing to the corporate strategy
- Enabling the company to sustain growth through digital technology
- Ensuring the company is prepared for the future
- Managing the finance team
- Reporting company financials to the board and investors
- Other

Poll Question

What are the most 3 important metrics for a CFO? (select 3 from below)

- Revenue
- Net profit
- DSO
- Free cash flow
- Cost of capital
- Other



Today's technology adoption landscape



The changing landscape

“48% of CEOs expect major disruption in their sector from technological innovation within the next 3 years”*

*Trusted analytics matter to CEOs. KPMG. August 4 2017

5 Emerging Technology Trends



Citizen AI

Raising AI to benefit business & society



Extended Reality

The end of distance



Data Veracity

The importance of trust



Frictionless Business

Built to partner at scale



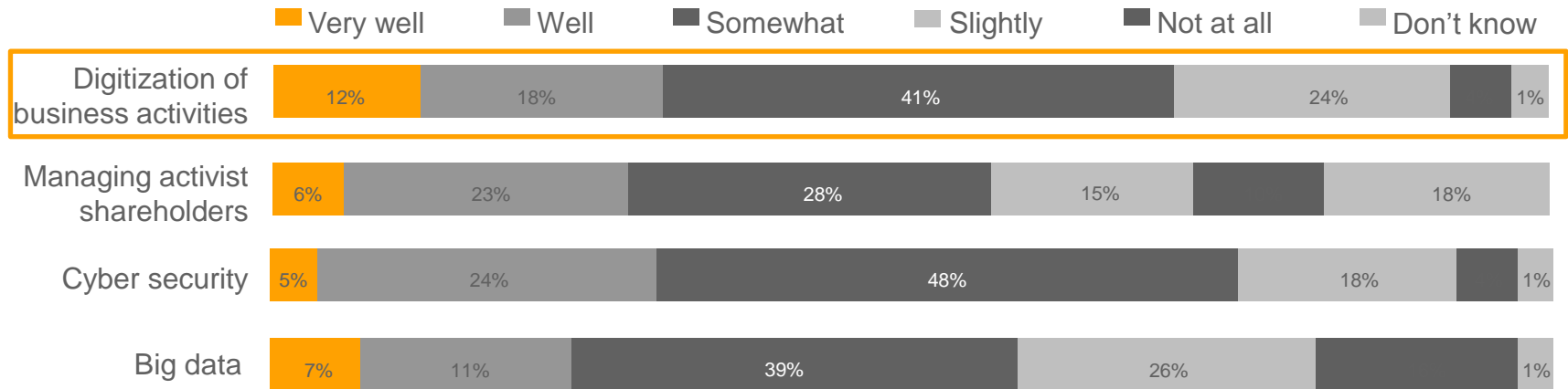
Internet of Things

Creating intelligent distributed systems

Source: Technology Vision 2018 Intelligent Enterprise Unleashed. Accenture, 2018

Are finance departments managing technology?

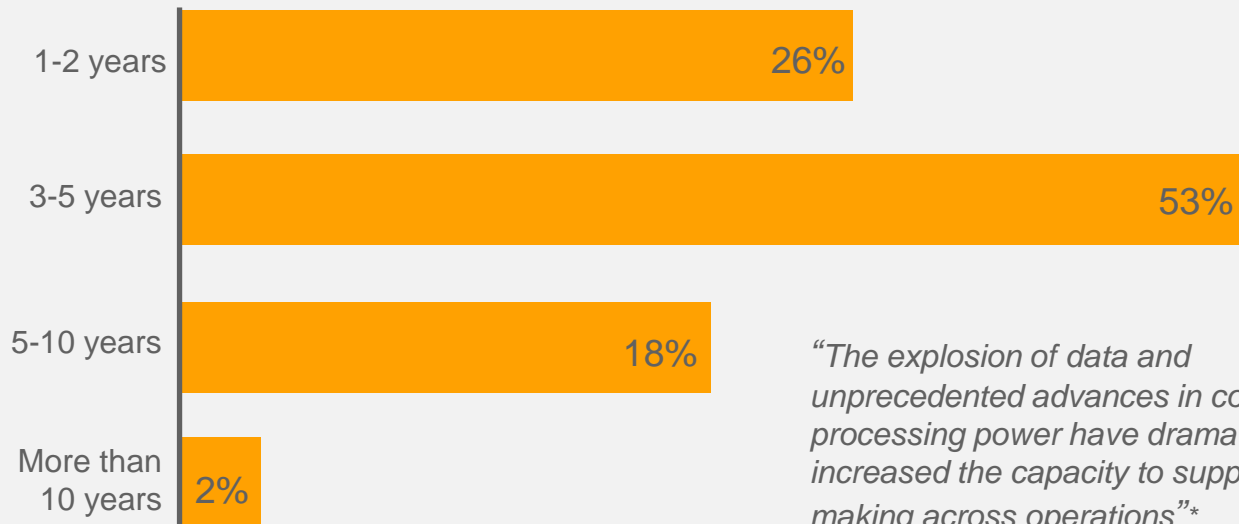
Are you meeting needs today to be competitive in the next 5 years?



*Are today's CFOs ready for tomorrow's demands on finance. December 2016. McKinsey&Company

The need to manage change is now

When do you see advanced technologies being a “must-have” in your corporate financial reporting?

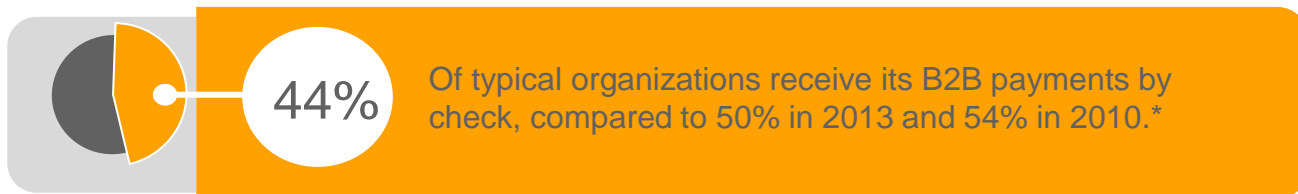
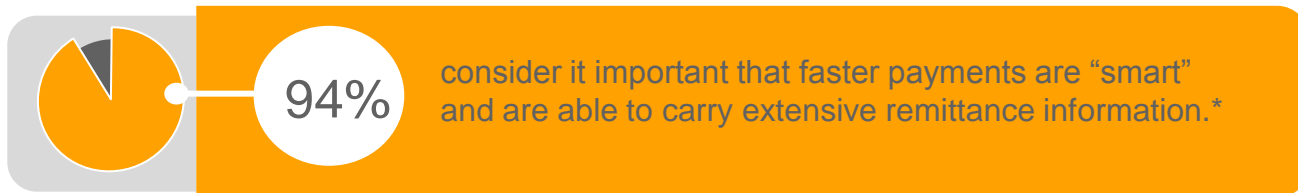
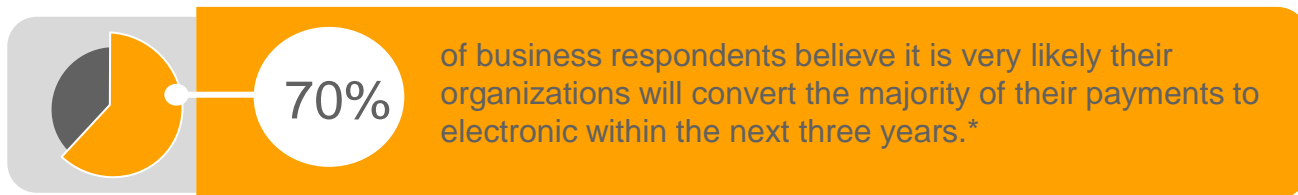


*“The explosion of data and unprecedented advances in computer processing power have dramatically increased the capacity to support decision making across operations”**

Note: does not add to 100% due to rounding

*Source: Digital Transformation: How advanced technologies are impacting financial reporting and auditing. KPMG. 2017

The use of technology in payments is rising

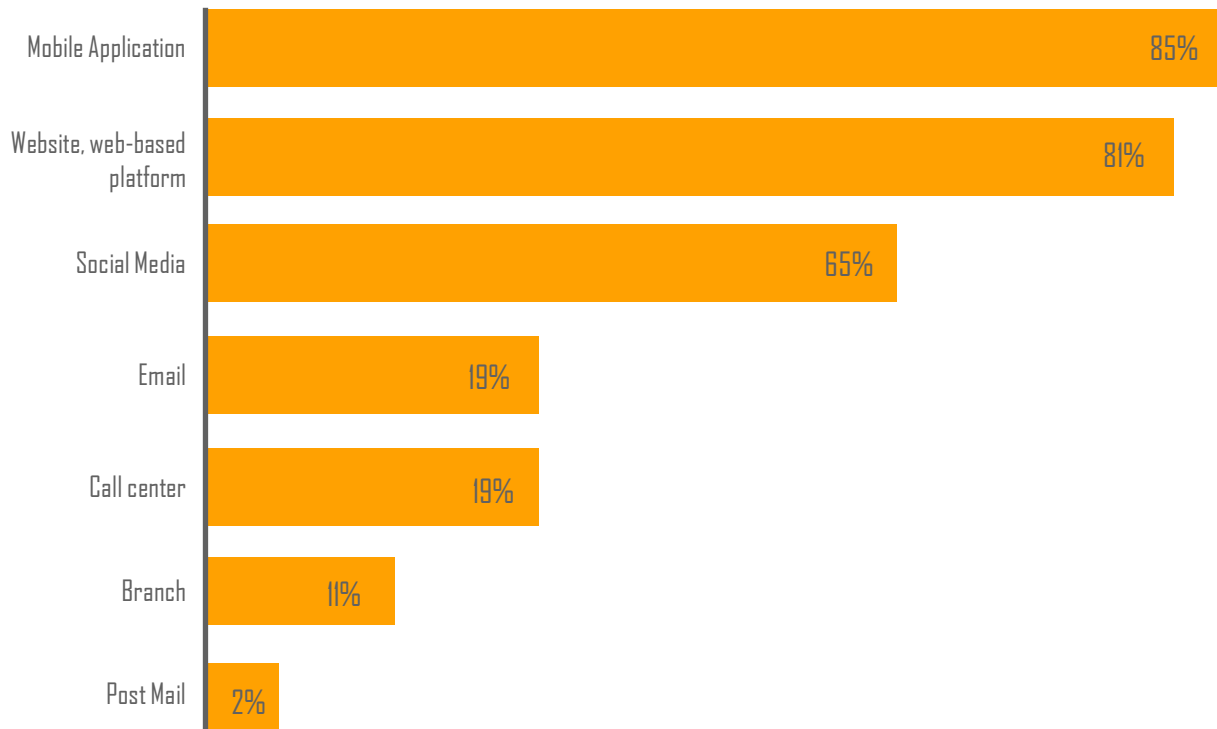


*“Companies should identify how industry platforms will evolve and plan ways to evolve their platforms to meet the challenges of digital business”**

*Gartner's Top 10 Strategic Technology Trends for 2017. Gartner. October 18 2016

*Electronic Payments Survey. Association for Financial Professionals. September 2016.

Where is the largest growth in usage in the next 5 years?



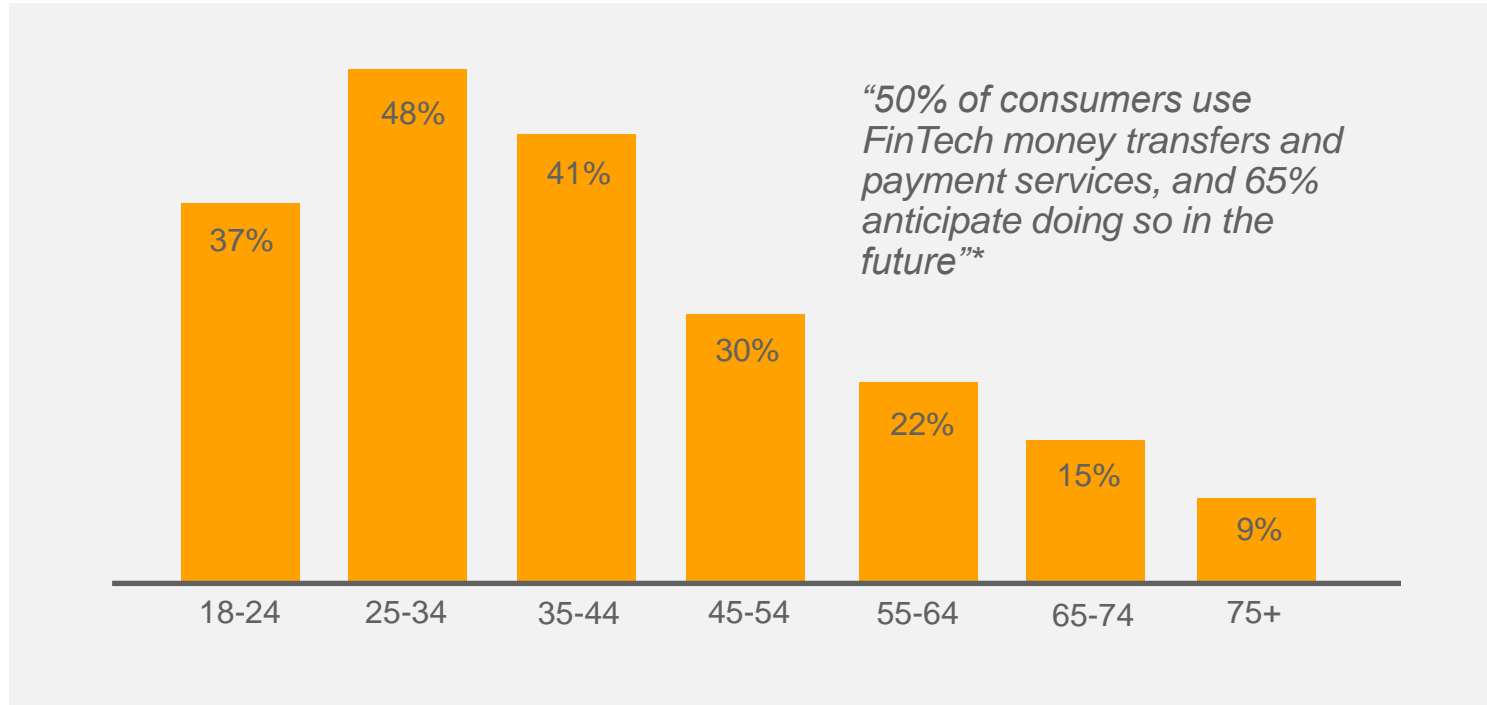
*"When faced with disruptive technologies, the most effective companies thrive by incorporating them into the way they do business"**

*Blurred lines: how FinTech is shaping financial services. PwC. March 2016

Source: (n=1233) PwC's Global Fintech Survey. Redrawing the lines: FinTech's growing influence on Financial Services 2017

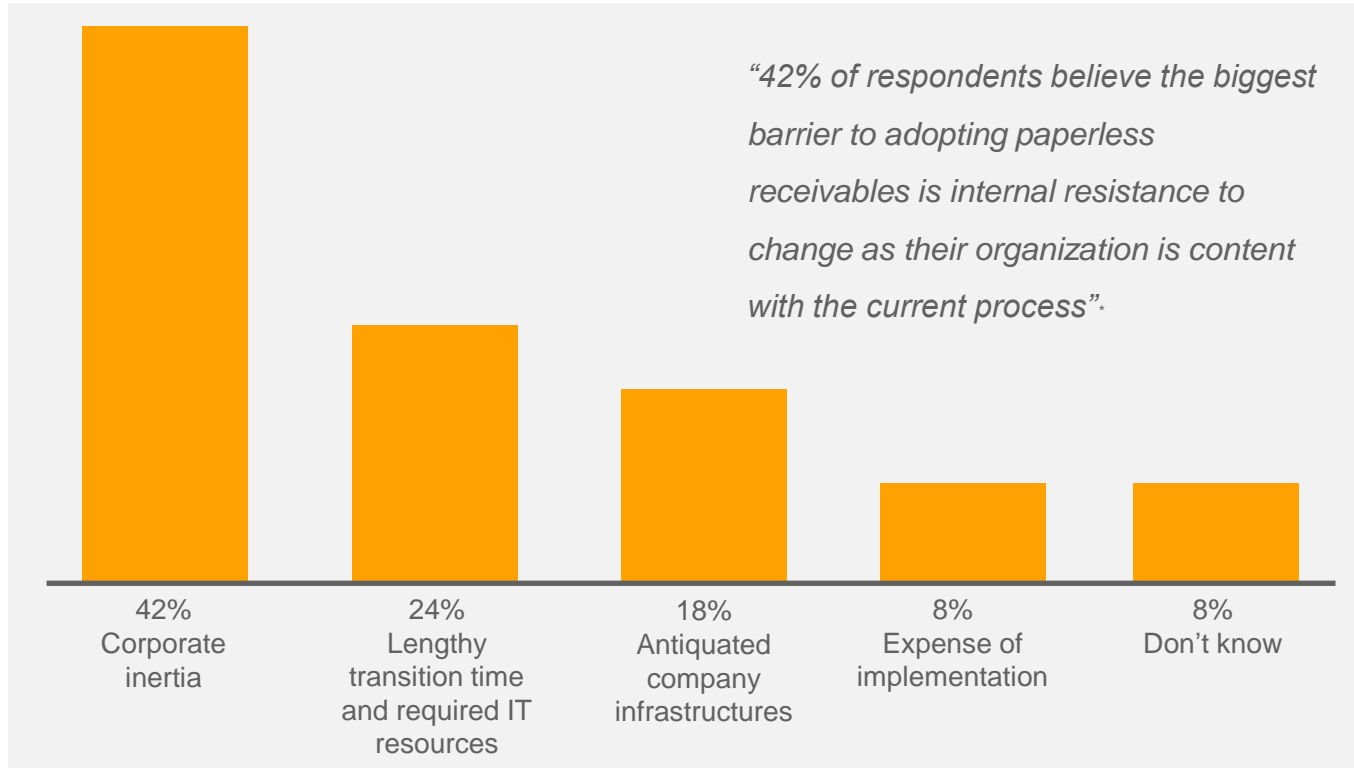
Who is adopting FinTech

Analysis of FinTech adoption across age brackets



Source: FinTech Adoption Index 2017. EY. 2017

Corporate inertia



Source: (n=353) Electronic payments and invoicing increase finance professionals' concerns about cyber security and fraud. TD Bank 2017 treasury management trends survey. December 5 2016



“While it can be a challenge to run parallel processes to transform the digital and non-digital aspects of your business, long-term success depends on both. **Technology is not a ‘one-time’ event** and innovation never stops so companies that continually work to push the boundaries in these areas are poised to **lead the transformation race.**”

Source: Canada's Faith in Meaningful Tech Disruption Leads the World. Techvibes. 2018

Technology adoption

- **84% of 6,381** business and IT executives surveyed agree that through technology, companies are weaving themselves seamlessly into the fabric of how people live today
- This level of integration is the **next great social evolution** (e.g. Amazon)
- Pioneering companies have recognized that these new societal expectations can be transformed into an **enterprise strength**

Sources: Technology Vision 2018 Intelligent Enterprise Unleashed. Accenture. 2018

"There's a new obligation— and a new opportunity— for companies to engage with people differently."

- *Paul Daugherty,*
*Chief Technology & Innovation Officer at Accenture**

*Technology Vision 2018 Intelligent Enterprise Unleashed. Accenture. 2018

Poll Question

What is the most impactful resource when considering the adoption of new technology?

- Strong ROI analysis
- Written case study with defined outcomes
- A customer reference to speak with
- A video from another customer outlining the benefits
- Other



Understanding the urgency



y attention to digital disruption

- Disruption means a shift in relative profitability from one prevailing business model to another
- The dominant companies, accustomed to the old approach, lose market share to a new group of companies
- Not every disruption is driven by advances in technology, but this one is

Source: 10 Principles for Winning the Game of Digital Disruption. PWC strategy+business. Article written by Mathias Herzog, Tom Puthiyamadam, and Nils Naujok. 2017



*“Every enterprise leader recognizes that, as a result, the prevailing business models in his or her industry could drastically and fundamentally change...**No enterprise, including yours, can afford to ignore the threat.** Yet most companies are still not moving fast enough to meet this change. Some leaders are still in denial about it, some are reluctant to upend the status quo in their companies, and some are unaware of the necessary steps to take. But these excuses are not good enough.”*

Source: 10 Principles for Winning the Game of Digital Disruption. PWC strategy+business. Article written by Mathias Herzog, Tom Puthiyamadam, and Nils Naujok. 2017

Cloud is Trending

- The shift towards cloud-based computing is **continuing**
- Financial institutions are using cloud-based **software-as-a-service (SaaS)** applications for various business processes (e.g. Accounting, CRM, HR)
- COOs and CIOs are getting more comfortable with using SaaS in their both **core and fringe operations**
- **By 2020**, core service infrastructures in areas such as consumer payments, credit scoring, statements/billings, accounting functions will be **heavily reliant on SaaS applications**

Source: EMEA Market Perspective: Accelerating the Cloud Migration Dividend. Accenture. 2017



Early Operational Wins

Businesses are achieving great success with the cloud:

- **79%** report quantifiable benefits in three or more areas (e.g. customer satisfaction, efficiency, cost savings)
- **44%** of strong adopters cite better utilization and monetization of data with the cloud
- **53%** have gained notable operational efficiencies
- **45%** have lowered infrastructure and/or storage costs

Source: EMEA Market Perspective: Accelerating the Cloud Migration Dividend. Accenture. 2017



Make your working capital work for you

“Given the cost of new capital, no business can afford to let their existing capital go to waste. However, some businesses don’t realize how much cash is **trapped on their own balance sheets**. Freeing up that cash – by optimizing their working capital – delivers more than **improved operational efficiency**. It also gives companies the added liquidity they need to fund growth, reduce debt levels, lower costs, maximize shareholder returns and even outperform their competitors”*

*Make your working capital work for you. Strategies for optimizing your accounts receivable. Deloitte. 2017



What is your company's average DSO?

Your Company



Engineering & Construction



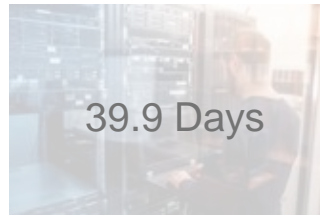
Transportation & Logistics



Industrial Manufacturing



Communications



Technology



*Pressure In The System, Working Capital Study. PwC 2017



You need a plan to win

- The new digital age is NOW!
- No matter how you run your business, without a new technology plan, your results will not allow you to scale and compete
- Companies with a differentiated identity will stand out from the crowd
- Ensure you are in the best position to thrive and become a leader

Sources: Game of Digital Disruption. PWC strategy+business. Article by Mathias Herzog, Tom Puthiyamadam, and Nils Naujok. 2017

Digital readiness

- Agility & ambition
- Thinking and doing differently
- Understanding the rate of change in customer expectation
- Guiding finance and accounting teams through technology



Poll Question

When do you expect to see ROI upon implementing new technology?

- 1 to 3 months
- 4 – 6 months
- 7 – 9 months
- 10 – 12 months
- 13 – 18 months
- 19 – 24 months
- Greater than 24 months



Leveraging FinTech to become a leader



Technologies that deliver new capabilities

To the finance function

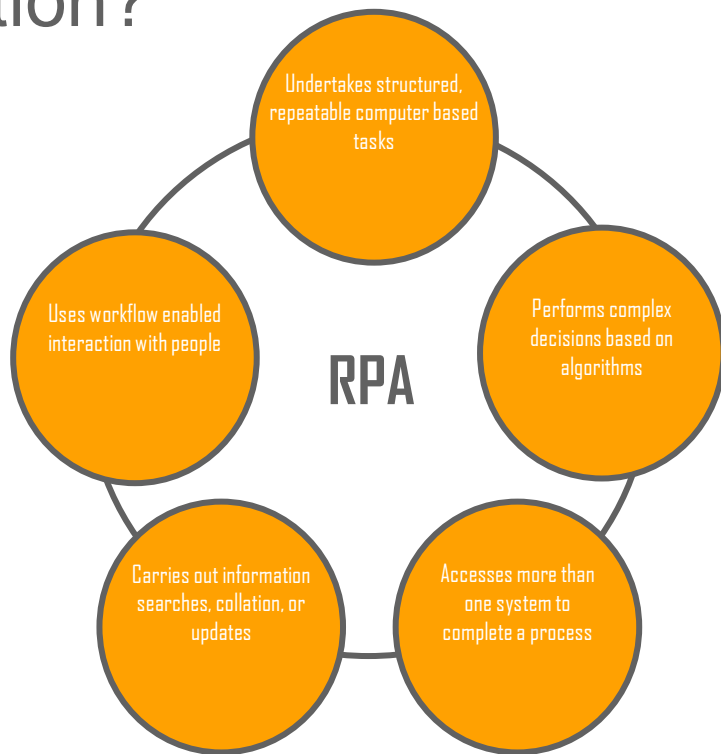
- Blockchain
- Artificial Intelligence (AI)
- Robotic Process Automation (RPA)
- Cloud Computing
- The Internet of Things (IOT)
- Advanced Analytics

"Organizations at the forefront of 'innovations' will automate now. Others will slowly follow as the technology matures."

Robotic process automation white paper: EY,
December 2015



What is Robotic Process Automation?

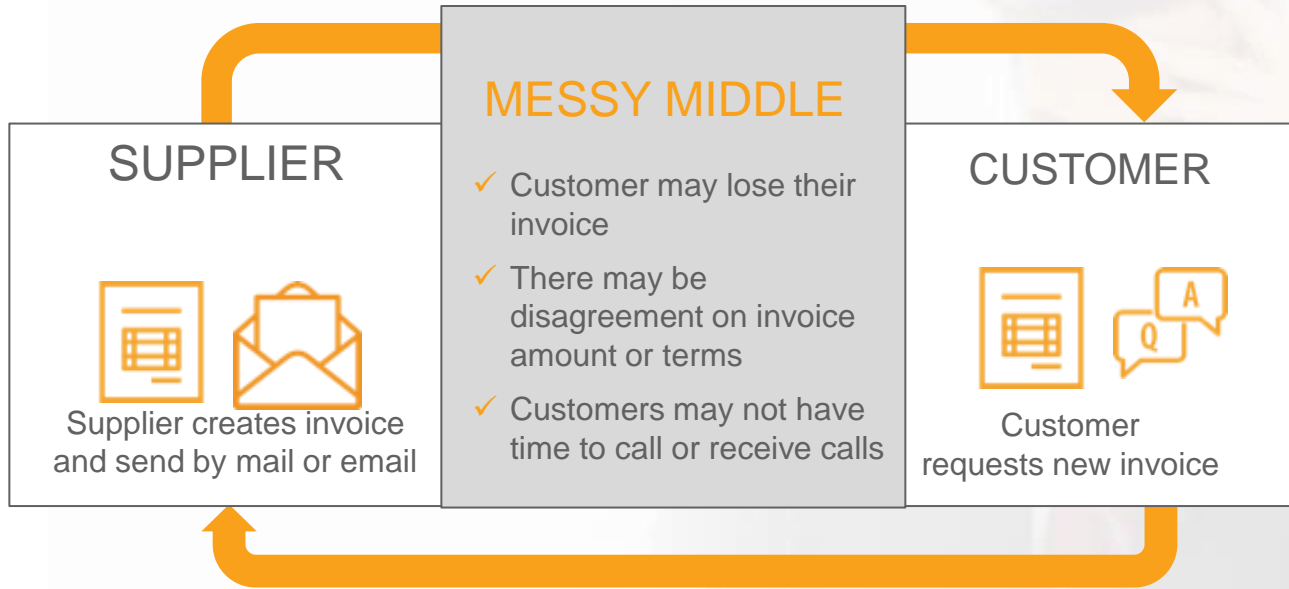


"RPA is a type of software that mimics the activity of a human being in carrying out a task within a process. It can do repetitive stuff more quickly, accurately, and tirelessly than humans, freeing them to do other tasks requiring human strengths such as emotional intelligence, reasoning, judgment, and interaction with the customer."

*The next acronym you need to know about: RPA (robotic process automation), Interview by McKinsey & Company, December 2016

Source: ROBOTICS PROCESS AUTOMATION USHERING INNOVATION, COST SAVINGS. Xchanging, 2014

The messy middle



HIGH COST



HIGH DSO



NO VISIBILITY

ARC: Accounts Receivable Cloud



1 Presentment

Publish invoices & supporting documentation online and deliver electronically

2 Collaboration

Communicate with customers

Track and manage customer commitments and follow-ups

3 Collections

Invoice related activity and payments recorded in one place, enabling visibility and automated follow-up

4 Payments

Offer customers breadth of electronic payment options
PCI compliant manner

5 Cash Application

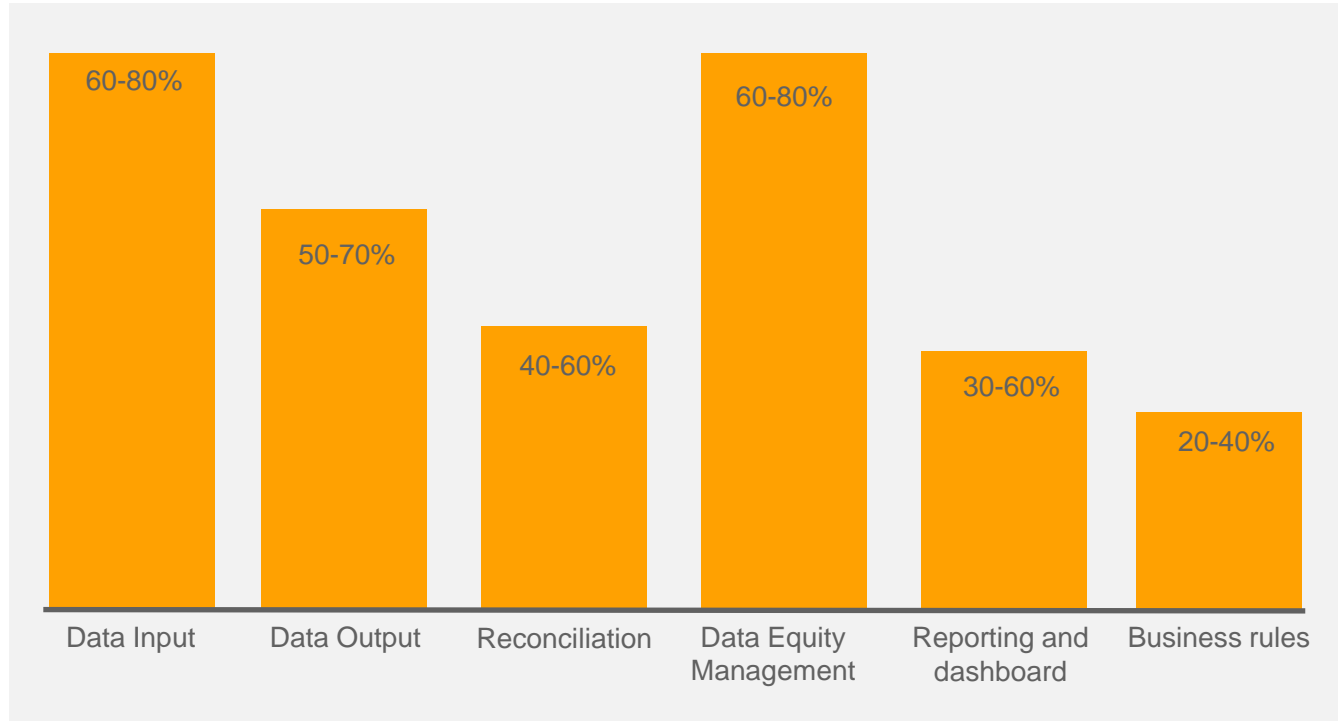
Payments made through ARC are automatically matched and reconciled with 100% accuracy

6 Automation, Insights, and Visibility

Snapshot of your enterprise's analytics & customer behaviors

Advantages of automating financial operations

Reduced manual processes results in FTE reallocation



Did you know?

*“In Q2’17, fintech investment in the Americas hit \$5.65B across 147 deals”**

*Source: The Dawn of new partnership. A robotics-led finance function. EY. 2017

Leveraging FinTech – get future ready

Analysis of
your AR
performance
all on one
screen



Advanced
insights

Payment
options to
payment
rules

Intelligent
automation

Cost
Saving
s



Digitize
customer
experience



Stream
lined
processes

Smart
people
doing
meaningful
work

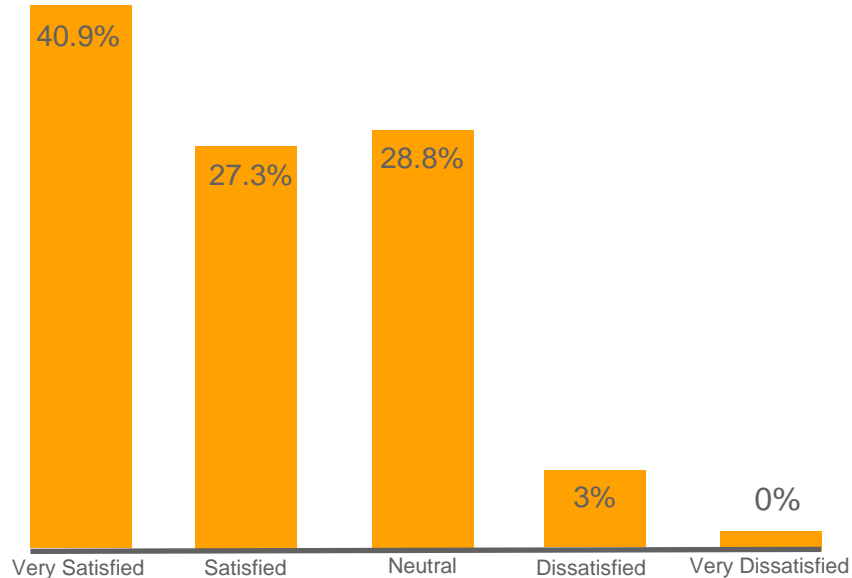


*59% (of CEOs) expect
their investments in
emerging
technologies to help
transform the
business and
operating models.*

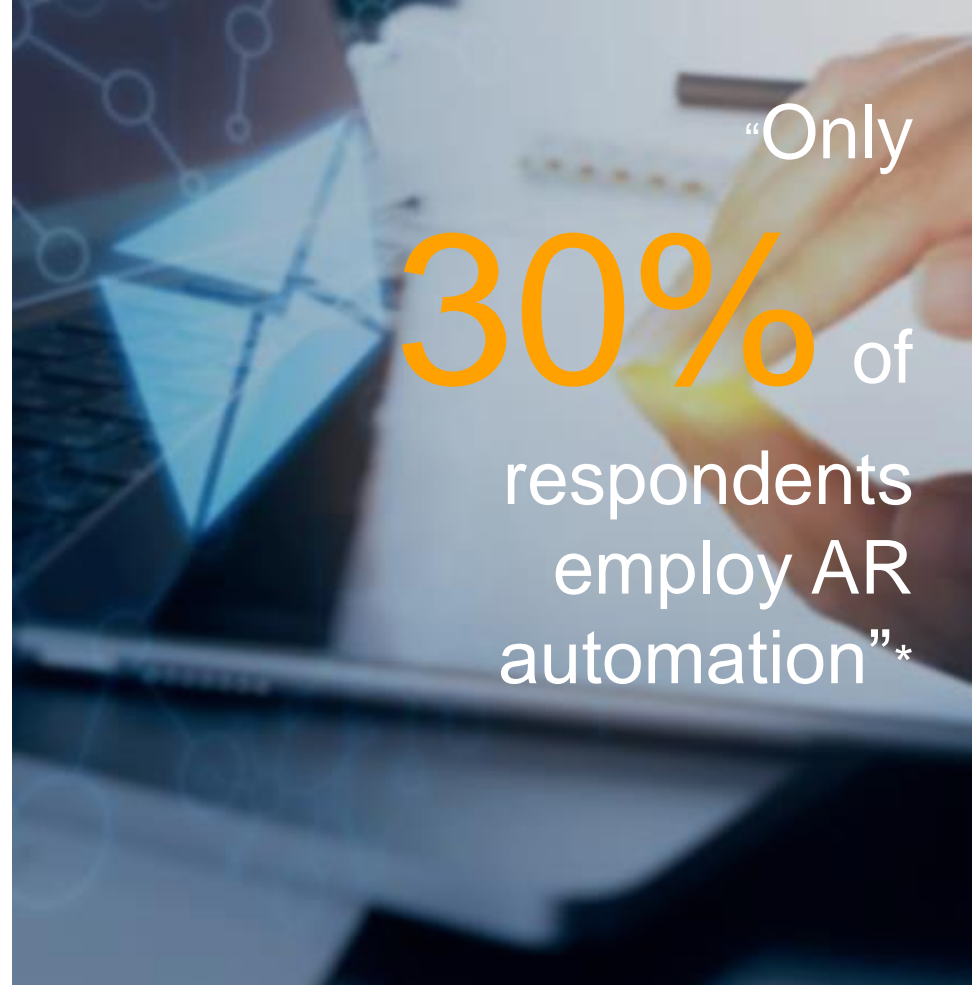
*Source: 2017 Global ECO Outlook. KPMG. 2017

Leveraging FinTech

Intelligent automation - how satisfied are companies who deploy invoice to cash automation?



*(n= 523)Process Automation: streamlining the order-to-cash cycle. Credit Research Foundation. May 2014



“Only
30% of
respondents
employ AR
automation”*

Leveraging FinTech

Digitize customer experience – payment options to payment rules

69%

expect their organization to begin transition to electronic payments in the future*

*TD Bank 2017 Treasury Management Trends Survey. December 5 2016



17%

of finance professionals say they are paperless today*

versapay®

Leveraging FinTech

Streamlining processes – smart people doing meaningful work

2/3 of respondents prefer to **spend less time on traditional finance activities**, and more on strategic leadership, organizational transformation, performance management, and big data and technology trends.*



*Global Survey on the role of the CFO. McKinsey & Company. December 2016

Leveraging FinTech

Advanced Insights - analysis of your collections' performance all on one screen

71.1%

of respondents plan to implement dashboard reporting software in the next 3 years*

*(n= 523)Process Automation: streamlining the order-to-cash cycle. Credit Research Foundation. May 2014



Driving impact in your organization means ...

®

Build a clearer narrative

Act now

Own the automation debate

People not jobs

No regrets and bets

Make a bigger leap

Poll Question

When do you think there will be an opportunity to improve the invoice-to-cash process at your company?

- ASAP (Urgent need)
- 1 – 3 months from now
- 4 – 6 months from now
- 7 – 12 months from now
- 12 – 24 months from now
- 2 years or more from now
- Never

Summary

- The traditional CFO role is rapidly changing, making him/her responsible for **managing innovation** within the company
- Automation is more than just using technology, **it's a mindset towards company growth**
- Advance the way your organization **interacts with your customers** to stay competitive and relevant
- The urgency to transform the digital future of financial operations is upon us...**take action NOW!**



A close-up photograph of a person's hands holding a gold credit card. The person is wearing a light blue suit jacket. The background is blurred, showing bokeh lights. An orange horizontal bar is overlaid on the lower half of the image, containing the text 'Q&A' in white.

Q&A

Want to get in touch?

Connect with John McLeod directly at
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