

ARE CFOs BEHIND THE NEW TECHNOLOGY CURVE



CFO TECHNOLOGY

Technology has an important Role to play in the future of the finance function.

Technology continues to play a significant central role across entire businesses, and the finance function is no exception. The importance of having a robust technology strategy in place became painfully clear when the Covid-19 pandemic hit. While millions of people had to come to terms with working remotely, finance departments still had to carry out typical transactions and processes and try to conduct business as usual.

There has been a longstanding view in certain quarters that some Chief Financial Officers (CFOs) are resistant to, or even wary of, new technology – leaving the complexities to the Chief Information Officer (CIO). However, that view, even prior to the pandemic, has been changing, as finance leaders increasingly recognise the important role technology has to play.

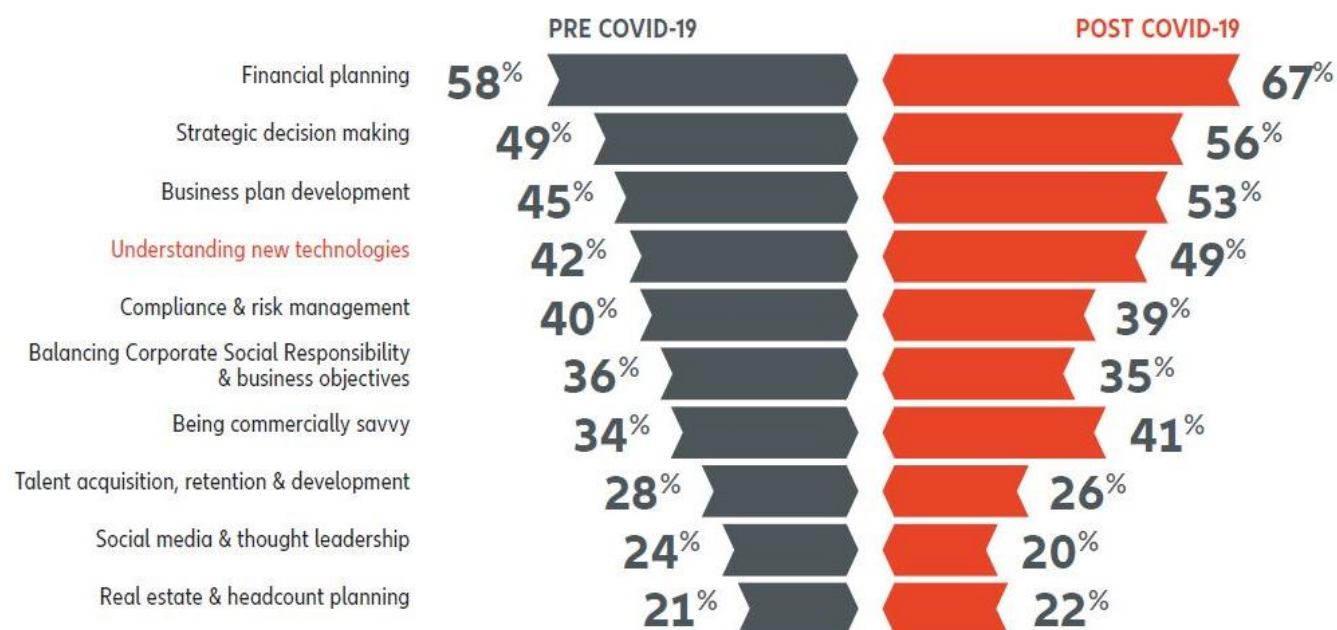
And this is an important change. According to [a March 2020 Harvard Business Review Analytic Services paper, as reported in Forbes](#), the shifting role of the CFO beyond its traditional financial confines requires the support of technology.

According to the paper, CFOs now need to layer on the skills of a data scientist. 'The challenge is no longer gathering data, but what to do with the vast amount of information flowing into the business 24/7,' it states. 'Technology can now help CFOs turn real-time data into insights that drive process improvements, which in turn ensures compliance and boosts employee and customer satisfaction.'



THE TOP TECHNICAL SKILLS FOR CFOs TODAY

Chart: Understanding new technologies is a top technical skill for today's finance leaders



CFOs RECOGNISE THE IMPORTANCE OF HAVING TECHNOLOGY SKILLS

The need for CFOs to get to grips with new technologies was identified as a key priority in our survey [The Finance Leader of Tomorrow](#), which was initially conducted in February 2020 and was followed up in May 2020 in light of the Covid-19 pandemic.

Pre-Covid, 42% of respondents said that 'understanding new technologies', such as analytics, artificial intelligence and modelling, is an area that should be part of a CFO's top technical skills. This ranked higher than 'compliance and risk management' and 'being commercially savvy' – both of which are typically key concerns for the finance function.

When the survey was re-conducted, the figure rose to 49% demonstrating how importantly it is viewed alongside core responsibilities such as 'financial planning' and 'strategic decision-making'.

Running in parallel with this, CFOs acknowledged that investment in tech is critical.

- Prior to the Covid-19 outbreak, 22% said that investing in new technologies would be their top area for investment, making it the number-one priority across businesses.
- Even when the survey was conducted for the second time, that figure stood at 21%, second only to 'working capital', which, understandably following the economic

CFOs LACK TECHNOLOGY KNOWLEDGE AND CONFIDENCE

While these findings are positive, the survey report also reveals that there is a disconnect between the importance of understanding technology and what is actually happening at the coalface.

Our survey shows that 72% of respondents believe their role has become more dependent on technology in the past three years. And more than three-quarters (78%) acknowledged that new technologies had positively impacted their businesses in the past year.

Despite this, while many finance leaders claim to already have a good knowledge of technology, around a third (31%) admit to lacking confidence in their understanding of new technologies. Likewise, only 36% at large businesses strongly agreed that they fully understand new technologies relevant to their businesses – a figure that falls to 16% for small businesses. And that's where the challenge lies.

CFOs NEED TO MAKE THE LEAP

If technology is going to be more widely adopted and implemented across the finance function, it seems imperative that CFOs not only understand the technology they are using, but also get to grips with emerging technology such as artificial intelligence and machine learning when building their ongoing finance strategy.

Whilst the Covid-19 pandemic might have pressed the pause button on any major technological transformation, the global shift towards remote working during lockdown only emphasised the need for a robust tech strategy. The consensus among CFOs, as revealed in our [survey report](#), is that events such as these only serve to demonstrate the value of wider digital transformation, both within the finance department and for the wider business.

While there is no suggestion that CFOs should be tech experts, the rate of technological change looks to keep accelerating for some time, so technological skills must remain a key area of learning, even for those who consider themselves as knowledgeable.

As Hélène Payen, CFO at Euler Hermes World Agency, concludes: "New technologies are key for the finance function. In our business, we often spend too much time trying to gather data instead of analysing it. New technologies mean we could have access to fresh data daily, have instantly refreshed reports and access broader benchmarks. They will help finance functions to focus on being a value-adding partner for business development."



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