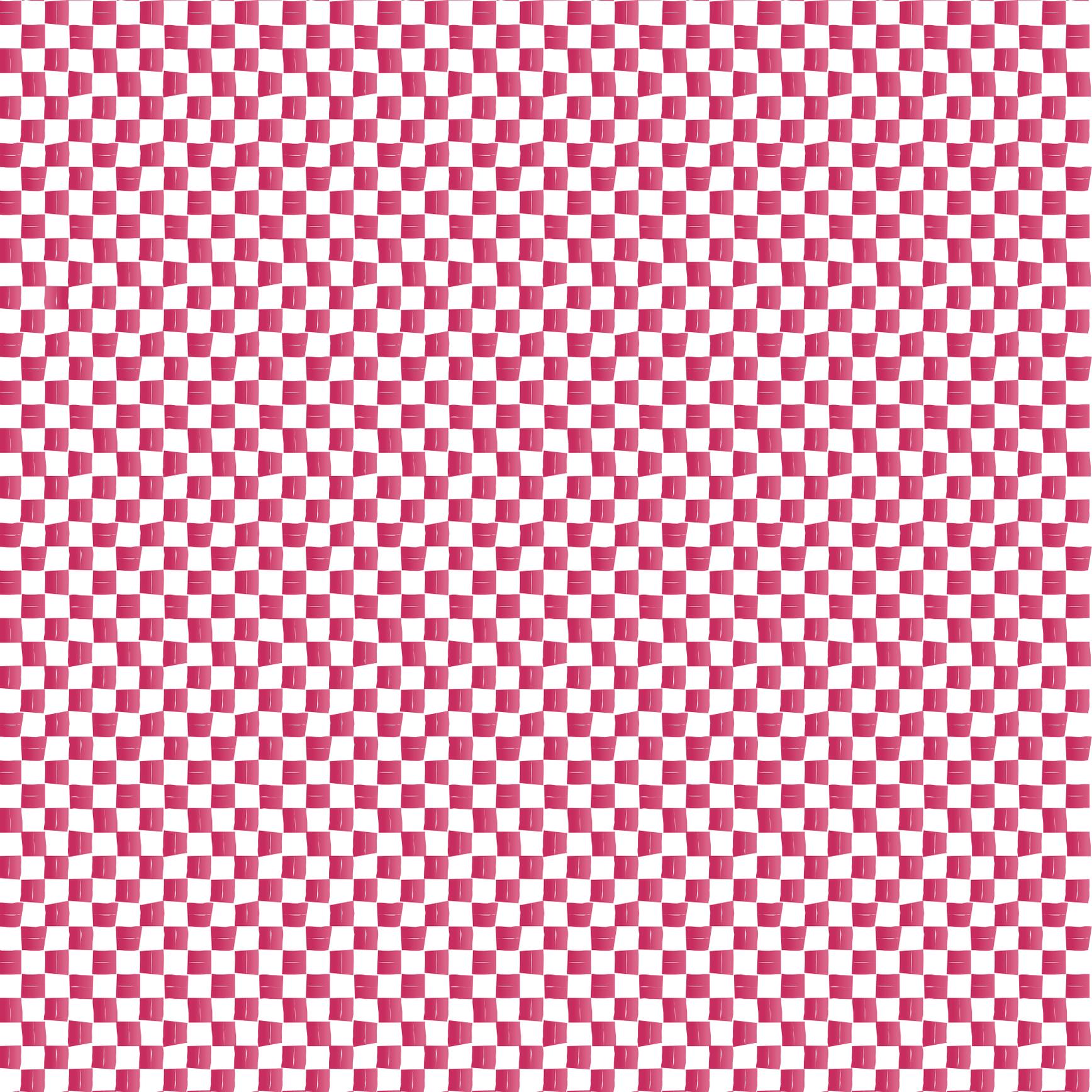


Finance

VISION 2020





FINANCE VISION 2020

Capgemini Consulting
Februari 2010

© 2010 Capgemini Consulting. No part of this document
may be modified, deleted or expanded by any process
or means without prior written approval from Capgemini

PREFACE

In spring 2008 a group of Capgemini Consulting finance consultants met to discuss the challenge for CFOs and finance professionals. In addition to the traditional CFO challenges of balancing commitments around compliance, driving value and delivering to shareholder expectations, we decided to reflect on the wider social and political agenda and consider how that might influence the agenda for CFOs in the future.

Finance 2020 takes a view on some emerging macro challenges: demographics, environmental sustainability, information – as an asset and as a risk. We explore how these considerations might shape the role of the CFO and the Finance function. Much has been written about the need to be a business partner rather than a traditional accountant – but in dealing with the portfolio of change anticipated over the next decade the CFO will need to be able to take on the role of Chief Value Officer, and ultimate arbitrator of corporate value.

20:20 refers to the concept of perfectly balanced vision. Rapid changes and high levels of uncertainty make it increasingly difficult for any of us to meaningfully forecast far into the future. This book is designed to provoke thought about what the finance vision needs to be capable of dealing with – as well

as picking out some of the key themes that will determine successful delivery in the future.

This book was developed in collaboration with finance professionals (both industry practitioners and consultants), academics and futurologists. It is not about us having all the answers, but is about starting to reflect on some of the major challenges that finance professionals will face as we move forwards towards 2020.

We would like to take the opportunity to thank all participants involved in this initiative. Without their cooperation, the publication of this book would not have been possible.



Carole Murphy
Global leader Finance Transformation
Capgemini Consulting



Jim Tersteeg
Vice President Finance Transformation
Capgemini Consulting the Netherlands



Klaasjan Doeswijk
Project Manager Finance Vision 2020
Capgemini Consulting the Netherlands

TABLE OF CONTENTS

1	Acknowledgements	07
2	Management Summary	08
3	The world of tomorrow: external forces driving change	13
3.1	Say goodbye to Blue, here is Green	14
3.2	Balancing Security and Openness	17
3.3	Information, Information, Information	20
3.4	The Demographic Shift	22
4	Inside the Finance Function: trends driving change	30
4.1	The CFO as a valued business partner	31
4.2	Flexible and innovative finance function	34
4.3	Adaptive corporate performance management	38
4.4	Corporate Governance	41
5	In the footsteps of the CFO in 2020	44
5.1	Company Culture	46
5.2	Cool or not cool?	47
6	On the way to the future	53
7	Are you ready for 2020?	62
8	Appendix 1: the making of... Finance Vision 2020 in 22 hours	76
	Appendix 2: how we see Business Transformation.	94

Caroline Visser



AS A CHILD I WANTED
TO BE A KINDER-
GARTEN TEACHER
NOW I AM A CFO

1. ACKNOWLEDGEMENTS

Many people have generously contributed to the making of Finance Vision 2020. To a large degree this book is an assembly of creative thoughts and approaches of a diverse group of people.

Firstly, we would like to thank all the participants of the Finance Vision 2020 event:

Luc Brandts	BWise
Coraline Bronsky	Diageo
Willem Keus	Tennet
Roel Meijers	Strategy Academy
Roland van der Pouw	NUON
Edwin Schrijver	BDO CampsObers
Erik van der Steen	Shell
Dirk Swagerman	Groningen University
Paul Verhagen	Philips Consumer Lifestyle
Caroline Visser	World Wide Fund for Nature Netherlands
Ed Vosselman	Radboud University Nijmegen
Henk Woertman	Independent economist

The following colleagues also participated in the event: Carole Murphy (Capgemini Consulting UK), Reinhold Pfeiffer (Capgemini Consulting Germany), Johan Hiensch, Jim Tersteeg and Alex Wortmann (all three from Capgemini Consulting in the Netherlands).

Furthermore we would like to thank our colleagues in the Dutch Finance Transformation practice as well as a number of subject-related specialists including Wilbert Koppers (Climate Change Initiative), Jacob van Kokswijk (Professor Virtualization at KU Leuven, Belgium), Ton Mes and Eric Meijer (Management Consultants with broad experience in Telecom) and Ron Tolido (Chief Technology Officer Capgemini Continental Europe Asia Pacific), Ton de Jong (General Manager Capgemini Consulting the Netherlands), Michael Zellner and Thomas Winkler (Capgemini Consulting Germany). A special thanks to Marcel Bullinga, the external Futurist (www.futurecheck.nl) who guided us on our journey towards 2020.

2. MANAGEMENT SUMMARY

The finance function is transforming rapidly under the influence of emerging global markets, advances in technology and a changing socio-political landscape. In 2020, a good decade from now, many of these developments will drive the way a CFO works and lives. This book elaborates on the future role of the CFO in a changing environment. How is the finance function designed in 2020? Can we avoid a next credit crisis? What can we do now to be prepared for the future? Will the CFO be rebranded as Chief Value Officer?

The numbers driving the CFO Agenda of 2020 are 0, 1, 2 and avoid 6-, each representing a megatrend with high impact on the future CFO.

Zero (0) stands for, amongst others, zero waste, zero emission, zero oil and zero traffic-jams. Everything needs to be (more) environmental friendly given the increased need for and the exhaustion of natural resources. Change drivers include cradle to cradle concepts and the Kyoto/Poznan/ 202020 regulation. *What will you do as CFO to commit to the 3 times 20% objective by 2020 meaning 20% less energy consumption, 20% less CO2 and 20% share of renewable energy?*

One (1) stands for, amongst others, one global market, one flat world, one version of the truth, one code of conduct and one interpretation of rules and regulations. *What will you do as CFO to balance our desire for openness and our fears of terrorism, extremism and other threats to our security?*

“One of the most important ingredients for the future CFO is to stay connected with the world”

Two (2) refers to the fact that there are two worlds: the physical world and an emerging virtual world. Data and information must be available anywhere/anytime and any place (24/7) potentially leading to an information overload. The CFO's judgment will become more important. *How will the ever increasing influence of internet and the introduction of the Virtual Personal Assistant (VPA) that connects the physical with the virtual world impact on you as CFO?*

Stay away from six minus (6-). In other words there is a drive for excellence and talent and no place for mediocrity. *Are you as CFO able to attract and retain the most talented, experienced and skilled people in this highly mobile world full of demographic shifts?*

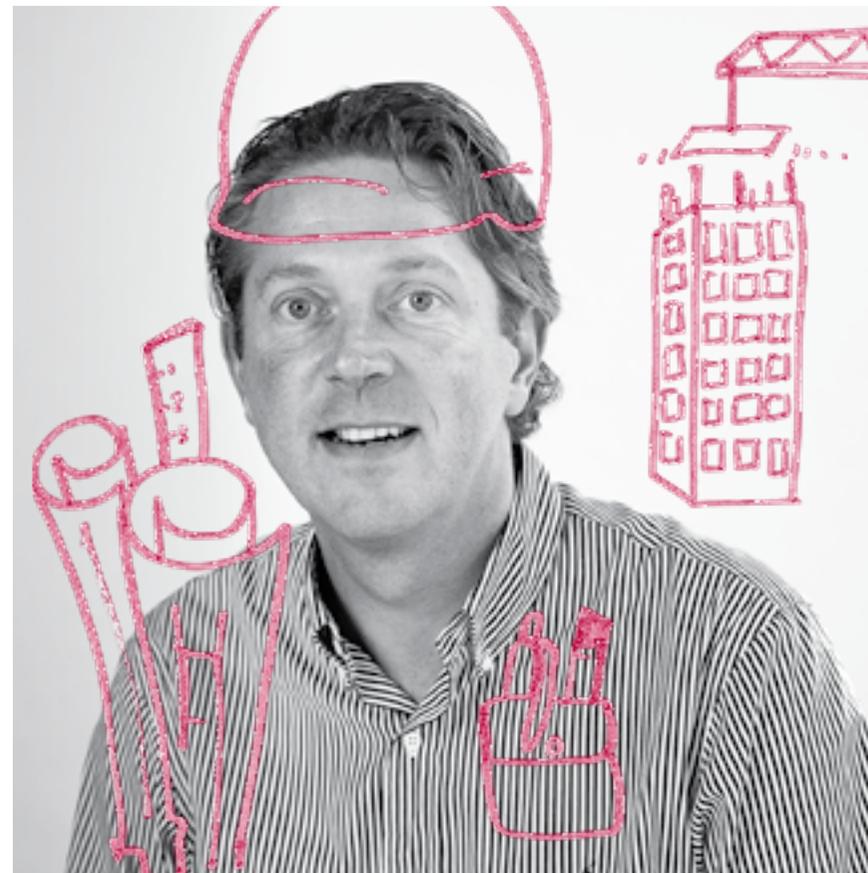
Want to step into the shoes of the CFO in 2020? One of the most important ingredients for the future CFO is to stay connected with the world. The world of the CFO will become boundless and more complex. A great burden of

responsibility will therefore lie on the CFO's shoulders to make the right decisions. In addition, other demands will also be made on the new style CFO. In 2020, the CFO is a strong leader and a team player who can communicate effectively, generate ideas and get the best out of people. Working life will be more interlinked with private life. The CFO's company is likely to be acting globally, implying different time zones. Moreover, it will be possible to work anywhere due to advanced technology and trust based company cultures.

Fortunately for him or her, more and more routine work ("number crunching") will be automated or outsourced. There will be scope to claim leadership in matters such as reputation, sustainability, sourcing and increasing the appeal of the company among the increasingly scarce talent in the employment market. The CFO distinguishes himself in the board room by his ability to quantify these themes and make a strategic contribution. In the coming decade, the focus shifts from money to value, from Chief Financial Officer to Chief Value Officer (CVO).

Are you ready for 2020 and know how to get to the future safely? We can help you. We will provide you with some hints and tips and a transformation roadmap, showing the finance function programmes towards our Finance Vision 2020.

Edwin Schrijver



AS A CHILD I WANTED
TO BE AN ARCHITECT
NOW I AM A CHARTE-
RED ACCOUNTANT

Luc Brandts



AS A CHILD I WANTED
TO BE AN ASTRONAUT
NOW I AM A CTO

3. THE WORLD OF TOMORROW:

external forces driving change

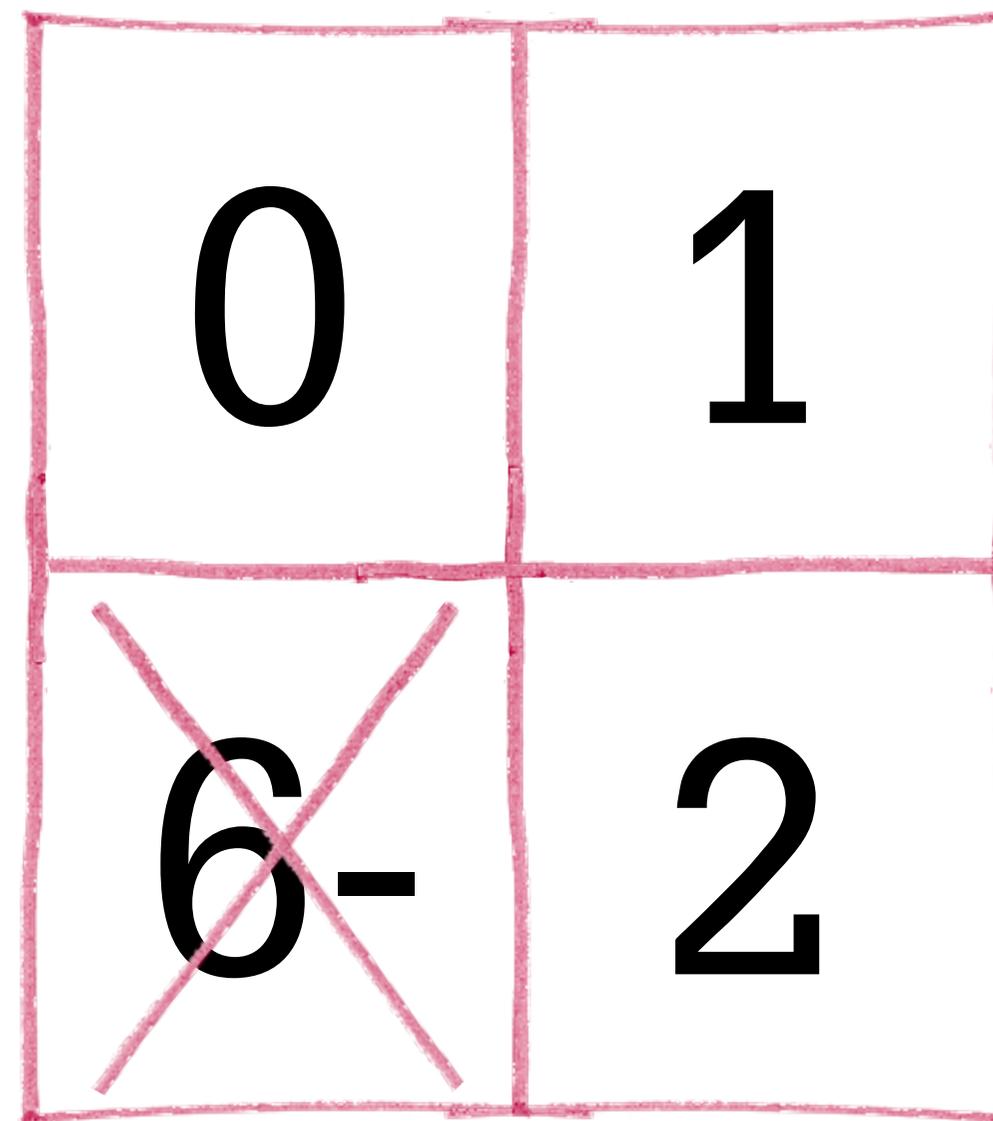
We are still more than a decade away from that magical sounding year 2020. A year that does not only embody our fascination for the future, but also our “great expectations” with regard to the beginning of a new Golden Age of prosperity and innovation. What will life be like for the Chief Financial Officer in 2020? Does he or she have the same challenges as today? What are the most important megatrends that are key to understanding the future of the finance function?

Green and silver are fashionable colors. Everything we do is so transparent that nothing remains hidden. Winters are warm. Europe has many affluent senior citizens. We live in two worlds, a real one and a virtual one. Powerful technology enables computers and devices to surpass human intelligence. We will use 3D printing on the spot for almost everything, even for building houses. And if you want to choose a lucky number for 2020, be sure to include zero, one and two and to exclude 6-.

Confused? The future has many faces. If you ask a thousand different futurists, science-fiction writers and trend watchers to depict life in 2020, you will get an equal number of different images. Yet, however different these pictures may be, there is always a red thread running through them. This book is foremost about giving you the inspiration and imagination to create your own 2020. It is also about what you can do at present to be fully prepared for tomorrow. Let's have a closer look at the external trends that will shape the finance function in the coming decade.

3.1 Say goodbye to Blue, here is Green

It is widely recognized that economic growth is at odds with environmental sustainability. Global resources such as oil, farm land, metals, space, clean water and fresh air are not infinitely available for economic exploitation. Already in 2008 many organizations are under pressure from consumers and activist groups to account for their consumption of natural resources in sustainability reports. Today, organizations use corporate responsibility as a way to brush-up their image, generate brand equity, and increase employee loyalty. In the coming years, however, there will be a shift in the way corporate social responsibility is perceived by the stakeholders of an organization. Firstly, the costs of natural resources are rising fast, thus encouraging companies to pursue and adopt cheaper and more sustainable alternatives. We are not very far from reaching a tipping point where investing in "green" technology truly pays off. Not only in an ethical sense, but also financially. Some companies are already benefitting from investing in more energy-efficient production methods via carbon emission trading. In 2008, the 'emission trade' business that began in 2005 had a value of about 15 billion Euros. For 2012 the expected value will have reached the amount of 110



(Based on presentation by Marcel Bullinga, Futurist, www.futurecheck.nl)

“We will redesign the future with a natural copying machine, carefully duplicating the efficient lifecycles of animals and plants”

billion Euros. Is this enough to stop the exhaustion of natural resources? There are signs that just driving a hybrid car or recycling our waste is no longer sufficient to compensate for our fantastically high consumption of energy. To really make a difference we have to rethink the way we live, work, travel, design, build and consume. A concept such as “cradle to cradle” – a closed-loop circulation of materials – is still in its infancy. But in the next decade we will try to further perfect our efforts to copy the efficiency of nature by 2020. New ways of attributing value to the use – or rather the saving – of natural resources will heavily impact the work of the CFO. Have you ever inquired what the favorite color of the CFO looks like? There is a big chance that he or she will respond “blue”. But this is about to change. Green is one of the megatrends that is closely linked to the aforementioned exhaustion of natural resources. Until recently green was primarily seen – at least by the American CFO – as the color of money. However, green is now increasingly being associated with environmental issues. And what’s more: Green will definitely be the popular color of choice in 2020. The carbon footprint, the total amount of greenhouse gas emissions created by an organization during a specific time period, has

become an indispensable element of the corporate reputation. Customers and other groups who are doing business with a company are likely to become more critical about the impact of this company’s carbon footprint. In the future, the CFO is less likely to be worried by reputation risks. Sustainability issues are moving from a defensive risk management focus to an offensive revenue generation opportunity.

0: Strive for zero, save the planet

Zero may not sound like a desirable proposition, but it has numerous advantages. Think of zero waste, zero emission, zero oil and zero traffic-jams. Striving for zero means that clean air and water, alternative energy sources and empty roads will increasingly represent value to a country, to its citizens and to companies. In the early stages of the 21st century this value – and the need to preserve the environment – led to the Kyoto protocol and ultimately to emissions trading. Another important development is Cradle to Cradle Design.

This is an approach based on biomimicry, a revolutionary new science that analyzes nature’s best ideas and adapts them for human use. It models human industry on nature’s

processes, in which materials are viewed as nutrients circulating in healthy, safe metabolisms. It is a holistic economic, industrial and social framework, seeking to create systems that are not just efficient but are essentially waste free. The overloaded transport system also has a negative impact on both the environment and the economy. It is estimated that the damage to the Dutch economy caused by traffic jams amounts to three billion euro’s yearly. In 2020 traffic jams will not have disappeared, but a shift will be visible towards more virtual ways of working and collaborating and an increased consumer preference for local produce.

3.2 Balancing Security and Openness

Collaboration in an open environment is key to realizing innovation and business value. Social networks, wikis, ‘crowd sourcing’, mash-ups and Open Source are typical phenomena of our time. Thanks to the Internet we can cooperate across countries, cultures and continents. In contradiction to this new culture of openness is the fact that security concerns seem to increase by the day. Countries want to protect their borders against terrorist attacks and

illegal immigration. On the other hand we open our borders to facilitate free-trade and to welcome tourists and workers from Poland and India. In an attempt to become more secure companies erect high digital fire walls to protect their valuable data from intruders and digital vandals. Yet, our enterprise systems are becoming more accessible to both mobile workers and to our customers and business partners in the supply chain. The balance between security and openness will continue to influence the way we act for the coming years. Organizations can follow several solution lines to mitigate the risks. Possible solutions include supporting education in countries that are only a step away from terrorism, putting more focus on cultural diversity within companies, or diversifying activities across different markets, products and geographies.

1: There is only one version of the truth

One (1) stands for one global market, one flat world, one identity. It also stands for one dashboard that enables citizens to perform all kinds of different transactions with both public and private organizations all over the world. The citizen of 2020 has become a true “Master of the

We have
a new
dimension...

“it is
total value”

“As long as there is insecurity, Risk Management will stay at the heart of the finance function”

Universe”. Number one is also an important number for the CFO: one version of the truth, one interpretation of rules and regulations and one code of conduct is vital to be successful in a transparent and therefore hyper-competitive market.

3.3 Information, Information, Information

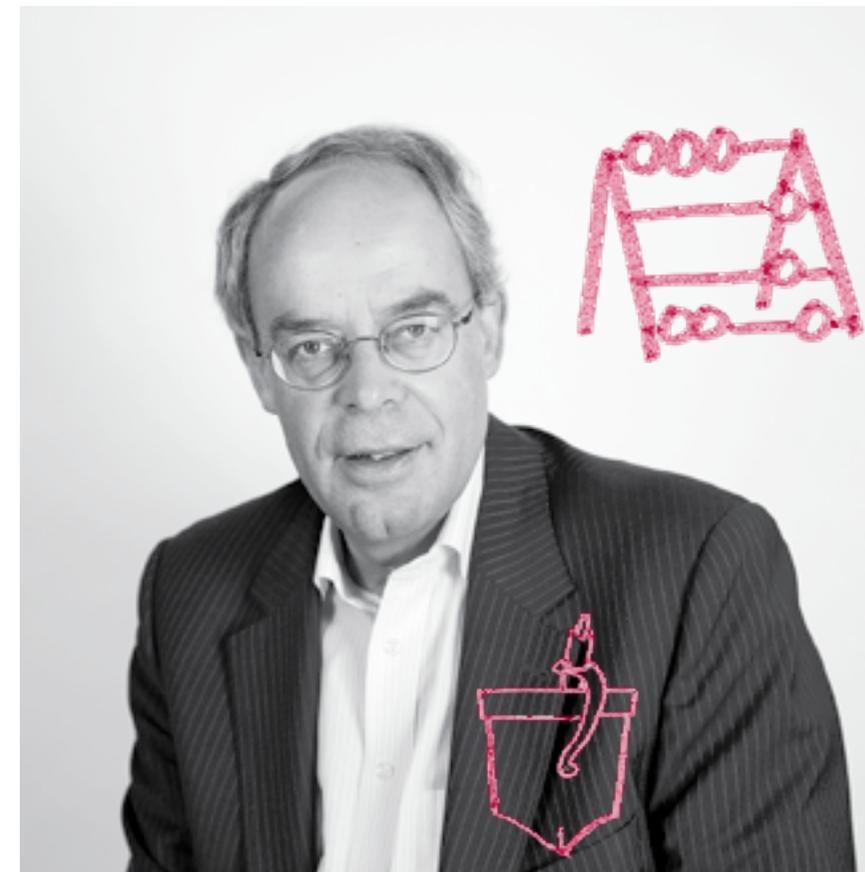
Much has been already written already about the ubiquity of information. Even though older generations can still remember the time when there was no internet nor mobile phone, younger generations are used to being on line all the time, no matter time or hour. The technology-savvy generation, heralds changes in the way we will communicate and consume content in the future. This means a huge shift in the way we work, collaborate and especially in the speed with which we can act on information. For the CFO, whose judgment depends largely if not solely on information, this makes matters more complex. And more challenging. The main difference for the CFO in the future lies in the fact that it is not only about collecting data, but also about sharing information with other people inside and outside of the

organization. Business Intelligence technology is an indispensable tool in this process, given the enormous amount of information, available from a myriad of sources.

2: Two worlds merge

Two (2) refers to the fact that there are two worlds: a physical world and an emerging virtual world. Young people in 2008 are increasingly transforming into “digital nomads”, always online and equipped with the latest laptops and mobile phones. In 2020, we will go a step further. We will always be online without realizing it. So will our machines, appliances, cars and homes. Due to digitalization, our surroundings, our homes, our streets will be like living creatures, sensitive to us and even responding to our behavior. The Internet grid will merge with other grids. This is already happening in utilities (“smart metering”) and the transport grid (“track & trace”). This enables us to perform tasks in the virtual world that have an impact in the real world. The CFO will rely more and more on self-steering business intelligence systems that connect events in the real world with activities in the virtual world, giving a real-time insight into events as they are unfolding.

Willem Keus



AS A CHILD I WANTED
TO BE A CFO NOW
I AM A CFO

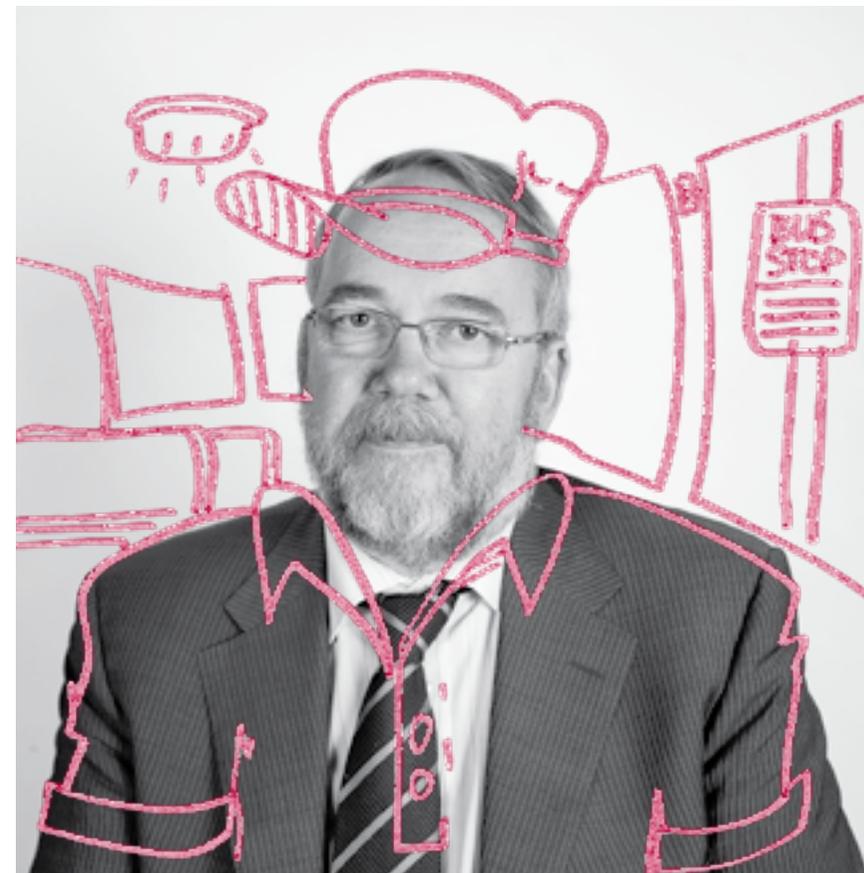
“In 2020 the “war on talent” will no longer be fought on a national level”

3.4 Stop mediocrity, search for talent

People in Europe live longer. In addition, they are healthier and wealthier than ever before. The current unprecedented longevity has become a phenomenon that is expected to accelerate rapidly during the next two decades. Demographic ageing will therefore manifest itself in the growing costs of old-age pensions, of medical care and of assistance in daily needs. It will make traditional social security unaffordable. But it will also create a wealthy “silver” economy, boosting the demand for tailored health care services and leisure facilities. At the same time, birth rates in Europe and the United States continue to drop at a steady pace, thus creating an additional pressure. Not solely on our pension systems, but also on the availability of talent in the job market. Already the success of many companies is measured by the fact of whether or not they are capable of attracting young and highly skilled professionals or – equally important – of retaining more experienced employees. In 2020 the “war on talent” will no longer be fought on a national level. Developing countries with higher birth rates and a well developed educational system will by then be the foremost provider of

a young and highly-educated workforce. These professionals are rapidly becoming an important stakeholder for every enterprise, eventually having a direct impact on its financial performance. To make matters more complex, young knowledge workers can deliver from every possible location. These new cultural and socio-demographic developments require a rethinking both of existing sourcing strategies and of stakeholder management. The consequences are major. Paying out transfer fees and the costs of offering education opportunities to newly transferred recruits will increase. We will see the rise of companies where salaries are paid on the basis of performance instead of seniority. There will be a differentiation in job profiles and salaries and different options for work-life balance. There will also be a shift of competences, it will be about managing the work instead of owning the work. In terms of value creation companies have still a lot to win by expanding their HR-activities towards developing countries.

Ed Vosselman



AS A CHILD
I WANTED TO BE
A BUS DRIVER NOW
I AM A PROFESSOR

From 20-20 to 20-20-20 and the importance

Following the Kyoto protocol in March 2007, the European Union Ministers asked the Member States to commit to a “3 times 20%” objective by 2020:

- A 20% reduction of the energy consumption
- A 20% reduction of the Green House Effect gases (mainly CO₂)
- A 20% portion of renewable energies in their energy production

While these objectives were formulated in response to Climate Change issues, the underlying assumption is of course that these actions contribute to an improved security of energy supplies as well as a growing European economy. But 2020 is a short time horizon and therefore easy solutions to meet the objectives must be found. Lead time for the construction of large (nuclear) plants, for the industrialization of carbon sequestration, for renovation of buildings and houses, and for the switch from combustion to electrical cars will take too long. More than 80% of all refrigerators sold in 2007 will still be in operation in 2020, less than 1/3 of the industrial and utility infrastructure in place today will be renewed by 2020 and more than 20% of the cars bought in 2007 will still be on the road in 2020. Focusing on the CO₂ trade, we have seen an enormous increase in recent years. The CO₂ trade market that started from scratch in February 2005 moved towards a total revenue in March 2008 of 58 billion Euros. And the numbers will increase; the expectation is that 1000 billion Euros will be invested in new power plants by Europe alone during the next 25 years. “Climate Change will be big business, whether you like it or not.”

Evidently, the European Union itself cannot realize these objectives, and neither can the individual countries. Companies and industries will be forced by regulation to work on these objectives. So what will you do within your company if the government forces you to reduce the number of kilometers driven by your employees by 20%, or face a penalty for each ton of CO₂ emission made by those cars? What will you do as a CFO? Will you make a financial reservation so you can pay the penalty? Will you go for a buying-off? Or will you invest in making the reduction happen?

Considering all these objectives, numbers, and the investments to be made (in assets, R&D and other reduction programs), it is clear to see that both more and different forms of measurement and regulation will be necessary inside companies, industries and countries. You as a CFO... will have to deal with these issues today.

Wilbert Koppers
Climate Change Initiative

“Climate Change will be big business whether you like it or not”

6-: Avoid number six and say goodbye to mediocrity

A number that certainly will not survive in 2020 is 6- refers to an academic pass grade. in The Netherlands. The number 6- strongly calls to mind the so called ‘sixes culture’ or the tendency of some pupils and students for being more than satisfied with an average result (5,5 out of 10). Just good enough to scrape a pass. However, the world in 2020 is hyper-competitive and about simplicity of choice, about identity and lifestyle, the only stuff that give people something to hold on to in 2020. Such a world needs creative people with a drive for success and excellence. Not just people who are indeed skilled in building PowerPoint-presentations, but are unable to write a good sentence or have an original thought. Suboptimal performers will soon be surpassed by eager, hard-working students from countries such as India or China. This will also heavily impact the CFO in 2020. It is not enough to be good. To survive you’ll need to be great. Start by asking yourself the following question: ‘Are you smarter than a robot in 2020?’

“Who has
a scenario
in his drawer...

...for oil prices
at 300 dollars?”

Jim Tersteeg



AS A CHILD I WANTED
TO BE A BAKER NOW
I AM A CONSULTANT

Coraline Bronsky



AS A CHILD I WANTED
TO BE A WRITER NOW
I AM A FINANCE
DIRECTOR

4. INSIDE THE FINANCE FUNCTION:

trends driving change

A volatile and increasingly challenged market environment demands an optimized, innovative and flexible finance function. The CFO must use and control his/her resources in a target-orientated, efficient and effective manner. At the same time, it is important to maintain a balance between present demands and the attainment of long-term goals. The CFO Agenda shows that in the future the CFO will be the “company asset warden” as well as the “wealth creation navigator” for the board. What are the main change drivers within the finance function for the CFO on his journey to 2020?

The development of the finance function from numbercrunching to value creation requires a comprehensive transformation strategy. Capgemini Consulting's European CFO survey based on the responses of 239 finance managers across 10 countries illustrates the strategic cornerstones of this transformation path: Corporate performance management, employee qualification, alignment of organization and processes, system integration and effective corporate governance.

4.1 The CFO as a valued business partner

Extending the responsibilities of the CFO beyond the pure finance function leads to higher demands regarding know-how and processes of the finance and controlling organization. CFOs see close interlinking of the business strategy and the performance of operational systems as an important or very important consideration over the coming years. In order to react quickly the simplification of control parameters and processes is necessary as well as the integration across various levels and units of the organization.

As more organizations head towards the final stages of their compliance journey, CFOs are starting to ask ‘where do we go from here?’ and ‘how do we start adding value again?’

The answer may be self-evident when considering the role of the CFO in its purest form: to safeguard the company's assets and to create value. The first element will be achieved via the compliance agenda and risk management, while the second demands a focus on generating stakeholder wealth.

It is important to emphasize that shareholder wealth creation should not be prioritized over the stewardship of assets; nor vice versa. Both elements are fundamental to the CFO being able to fulfill his role successfully, and they should be seen as two sides of the same coin. To truly maximize shareholder wealth, organizations should measure success using the investor lens; the simple and basic principles of delivering both short-term profitability and generating long-term sustainable growth through innovation and investment. These will focus the organization on promoting a diverse range of strategies.

The CFO needs to maintain business partnering responsibilities, however the greatest change required in the characteristic of the CFO role is the increasing emphasis on innovation.

Telecom and Media in the year 2020.

'A strategy defining vision of the future'

What will the 2020 world look like based on today's megatrends? And what changes can we expect within the Telecom and Media industry? Base your opinion on the arguments below.

The internet will be of an even greater influence than today; becoming the ABSOLUTE means of communication and data storage. Today's company networks will no longer exist but will be replaced by secured areas on the Internet.

In addition to the massive data storage possibilities, the internet will also encompass Artificial Intelligence allowing for customized delivery of personal information, memory and intelligence according to pre-composed user-profiles. 2020 will introduce the Virtual Personal Assistant (VPA) that will connect the physical user with the virtual world. Communication will proceed through your VPA using speech; you will experience it just as if you were talking to your assistant made from flesh and blood. The functionalities of a VPA are comparable to the combined functionalities of a Robot, (mobile) phone, PDA, PC, MP3 player, beamer, camera, TV, credit card etc.

Your VPA will read your messages, accept your messages, project images, talk to you and perform tasks; it does this using Artificial Intelligence from the Internet. The VPA will substantially increase productivity considering it performs all its functionalities out of sight and internally.

The VPA is not only for office use. Using a 'Home PA' the VPA will integrate itself and adapt to life outside work.

The 'Home PA' is your multimedia solution: it will have built in audio/video capabilities such as screens, and holographic projectors as well as audio and video recording possibilities. And through wireless technology, the VPA is able to notify you when it is necessary for you to go grocery shopping, or to place your order online.

The many functionalities of the VPA, including its holographic projecting abilities makes working at home a lucrative alternative; helping to decrease traffic congestion and pollution.

We believe that companies such as Google, Microsoft and Yahoo are the companies from which we can expect the required Artificial Intelligence. Telecom providers will then be the initial providers of Home PA solutions. And today's mobile phone and PDA producers are likely to be the producers of the VPA.

Whether the 2020 world will be as we expect it to be remains to be seen. However, there are numerous developments in the pipeline that raise expectations and are open for debate. What's more, they may require a change in your long-term strategy.

Eric Meijer and Ton Mes are consultants with Capgemini's Telecom, Media and Entertainment practice.

I can see clearly now

4.2 Flexible and innovative finance function

A volatile and increasingly challenged market environment demands a flexible and innovative finance function. The CFO must use and control his resources in a target-orientated, efficient and effective manner. At the same time, it is vital to maintain a balance between present demands and long-term goals.

The harmonization of data and processes are identified as key areas of improvement. In the years ahead the silo mentality of the finance and controlling organization will be replaced by working methods integrating accounting, controlling and business unit controlling, which should contribute to a more efficient analysis of results.

The CFO's position will be further strengthened by the establishment of Shared Service Centers, concentrating the transactional finance and control processes in these Service Centers and integrating governance, risk and compliance. The CFO will be empowered to focus on business partnership and judgement of results as well as on the information-analysis needed to steer the organization. The CFO truly becomes the Chief Value Officer.

Underlying the many challenging requirements are ever higher professional and procedural demands on the entire finance organization. To effect the changes described, along with the need to meet the continued demands of analysis and business service, requires highly competent and flexible employees. Most CFOs consider the increase of employee qualifications to be either important or very important. Developing the intangible asset of finance employee capability is becoming the critical success factor for future finance organizations.

2020, a day in the life of...

...Anna Migeni, CFO of GFF,
Greenfoods Flavors & Fragrances.

Monday, March 9, 2020

06:45 hours

"Anna, could you please step into my office?" Henry's voice sounds stern and solemn. It was obvious to Anna that GFF's Chief Executive Officer was not in a very good mood today. As Anna walks down the long grey corridor towards the CEO's suite, she tries to rewind the last couple of weeks and replay it. Maybe the upcoming Annual Meeting of Shareholders is the reason for Henry's bad temper, thought Anna. Once inside Henry's office, she immediately notices a big pile of paper on an otherwise paperless desk. "I want you to explain the new accounting rules to our shareholders next week", says Henry pointing at the papers on his desk. Anna starts visibly. As the new Chief Value Officer she saw herself in a different role. Wasn't she supposed to be the business partner of the CEO, a pure-blooded value creator? And just last week she had starred prominently during the company's strategy meeting in France where she launched her new 'Building Reputation Through Green Finance' plan. She felt green alright, a green eye-shaded clerk in the back. Just like in the old days when the CFO was seen as just a number cruncher...

06:47 hours

Anna opens her eyes. Just the odd, bad dream. Of course the CFO in 2020 is not at all like the book keeper with green eye-shades so often portrayed in old movies. "Hell, my job it is quite different from the time I started working back in 2008", Anna says to herself still half asleep.

07:00 hours

The bed Anna slept in is starting the morning massage while the bedroom is getting lighter. Apparently the necessary hours of sleep are already consumed and it is time to wake up. As she starts working out on her bicycle, Anna turns on the flat screens in her apartment to get an update on the Asian stock markets and on the latest fashion trends. In the past decade, Asia has consistently outperformed European and American stock markets. In 2020, Asia is the most important market for Greenfoods Flavors & Fragrances. Not only in terms of turnover, but also in the battle for talent. The ageing workforce in Europe has forced GFF to hire professionals in Asia. Anna herself advised the board of GFF to set-up a Shared Service Center Finance in Jakarta a few years ago, so she and her team can focus on added value activities and innovations around the finance function.

09:50 hours

All through the day information keeps pouring in, so decision making follows closely real-time events. In this morning's news she already heard from her equivalent of the Americas that GFF was facing some serious problems with a regulatory agency in Washington D.C.. A go/no go decision has to be made before daybreak in the United States' capital. Therefore Anna's facilitator Eric planned in a meeting at 10:00 CET. She would not know where she would be without Eric, since he facilitates all her decision making processes. Now she knows that all decisions made have the full support of the people involved.

Paul Verhagen



AS A CHILD I WANTED
TO BE AN F16-PILOT
NOW I AM A CFO

Transforming the finance function: it is only human!

The CFO is charged with a number of control responsibilities. However, there is no clear-cut definition of being in control. It is rather the adoption of a risk-based and continuously developing mind-set over the stewardship of resources and capabilities in every corner of the organization. In order to get a firm grip on control tasks, CFOs sometimes rely on an overly instrumental approach. Shifting the focus towards a more interactive collaboration with line management is often more effective.

A myriad of complex compliance issues saps the finance function's ambition to transform from scorekeeper to business partner. There are several ways in which the CFO can resume his transformation journey towards a more versatile position in 2020. The most important way consists of collaboratively reflecting on the different roles a CFO can assume in both the short-term and the long-term. Depending on the maturity of the finance function, the CFO is keeping scores, enhancing results, and predicting the results or building business.

How can the CFO add value on the basis of his or her existing role?

Hence the CFO must proactively – and from a practical point of view – instigate a high-quality dialogue with line management to assess the needs and ambitions of the business. This is typically done during the budgeting cycle and the yearly portfolio planning cycle. However, there are also countless smaller opportunities to meet up and collaborate with business counterparts, setting organization-priorities and jointly reviewing business cases and project proposals. Depending on the current role of the CFO and on the needs of the business the CFO can subsequently develop his role, leveraging the positive energy and the buy-in that result from interaction with colleagues on the business side of the organization.

Also from a business standpoint it is of course imperative that finance and operations are more closely aligned. The main challenge is that finance professionals and other professionals do not always “speak the same language”. To achieve a better cooperation and communication non-finance managers are sometimes taught the basic financial skills to create a common frame of reference. Ultimately – in a more agile and dynamic corporate environment – business and finance professionals change places to raise awareness of the fact that everyone serves the same company.

Edward Koops
Finance Transformation Consultant

4.3 Adaptive corporate performance management

The CFO must be aware of and understand the drivers of the environment he is working in to enable effective performance management. This is especially the case when corporations expand. Expansion often makes management structure more complex, which pushes the centre of operations further and further away from daily business, and effectively leads to a loss of connection to the market and its customers.

In order to position the company profitably in the market over a long-term period, the management and in particular the CFO must be able to recognize problems at an early stage on a local as well as a global level. This will enable him to develop solutions swiftly and to implement them immediately. An integrated risk management process accompanies this process.

This includes:

- Interlinking of the business strategy and the performance of operational systems to create more flexibility. If a strategically vital market with given turnover targets suddenly changes, informed data must be easily and quickly available to present the consequences of this change without delay, allowing operational performance and control variables to be adapted on the fly.
- A holistic approach. The finance function should not restrict itself solely to quantitative financial measurement of individual business units. Corporates, in particular, will be thinking and operating dynamically and measuring based on outcomes rather than organization structure. Isolated concepts, such as the Return on Investment (RoI), only view tangible quantities, and usually focus on the effects of past decisions, or include future scenarios only from a specific viewpoint, i.e. shareholder value. This approach drives an environment that insufficiently takes into account intangible quantities. What is evident is that competitive advantage is being attained more and more often by motivated and qualified employees making use of better

know-how or improved organizational structures. In this context, the CFO's call for holistic performance systems is almost obvious.

- Concentrating on the most essential factors in corporate performance management and planning. Concentrating on the essentials leads not only to quicker problem resolution, but also requires fewer employees. The remaining employees must, however, be highly qualified and think in an integrated manner. Target oriented planning which uses a flexible planning approach is an essential goal for CFOs.

10:00 hours

At 10:00 Anna enters her multimedia-egg and connects with her colleagues. One by one they appear on the 3D screen. Sometimes Anna's thoughts in the multimedia-egg go back to her childhood years, when Second Life marked the beginning of an emerging virtual world. How primitive it was in those days! Nearly twenty years later she feels that virtual life is almost a mature equivalent of real life and she is living in two worlds simultaneously. She is roused from her reverie by Eric, who opens the meeting and asks if everyone is up to date. When the meeting is over, Anna decides to call a friend and ask her for lunch. They decide to meet at Anna's office since the corporate restaurant is famous for its delicious locally produced organic cheesecake.

11:30 hours

Since she has to interview a new person for a job opening later that day Anna gets into her intelligent transportable to get to the office physically. She only has to name her destination, and since the transportable is highly intelligent Anna does not have to drive herself. Five minutes after entering the intelligent transportable the built-in computer asks her whether she feels like proceeding with her Spanish course. At different times of the day different kinds of information will be provided to her at timeframes Anna has indicated herself. Anna has now arrived at the office and goes to see the applicant. He is a young graduate from Ghana who is part of the growing number of sophisticated, highly-educated and culturally-aware 'digital nomads' who have made the world their home. The interview goes smoothly and since Anna's equivalent was also very positive, she invites the applicant to meet the rest of the team. After the interview Anna goes upstairs to the company's restaurant where her friend is waiting for her. They have an exquisite lunch.

14:00 hours

Since Anna has no more appointments at the office today, she returns home. On the way home she makes a short stop along the highway in one of the office centers for mobile workers where people can work and meet when local traffic is too congested. She has agreed to meet a group of shareholders and potential investors to discuss her company's recently renewed corporate social responsibility strategy. The investor community has a very positive attitude towards GFF. Mainly, because of the fact that GFF is leading in green manufacturing and in the production of organic flavors and fragrances for the food industry – a growing market in Europe and the United States where affluent and health-conscious pensioners form a massive consumer group.

16:20 hours

The meeting is over and after a 15minute powernap at one the company EnergyPods Anna decides she could well take a short break to call on her parents before going home. A few years ago her company decided to abolish fixed working hours and – for that matter – fixed tasks. Her performance is measured by the way she manages to add value to her company through the finance function. That means she has outsourced or automated all routine tasks. Her focus is on managing trust in the outside world, on people management, on business partnering and on risk management.

18:30 hours

At home she finds a bag of groceries on her doorstep. The smart fridge with RFID readers she bought last year, keeps stock, communicates with other kitchen appliances and warns the local retailer on the basis of predictive

modeling technology. Cooking was something she enjoyed doing herself or together with her friends.

20:05 hours

After dinner she catches up with Eric to see if any important decisions need to be taken urgently. She is updated on the events in Washington D.C. where her counterpart for the Americas had a meeting with a regulatory agency to discuss compliance issues. Anna decides to write a memo to the CFO about the outcome of the talks and a short text to be used for the press release. The press release will probably be issued next morning before the opening of the stock exchange. Speed is of the utmost essence, because news gets around fast in the transparent world of 2020. While she is sleeping her team in Asia continues to work on the right messaging for the press statement and any other communication with investors. They decide to meet early next morning to evaluate all the produced communication materials in yet another day in the life of a CFO in 2020...

4.4 Corporate Governance

As well as the task of establishing flexible structures and processes, the CFO must continue to concentrate on the fulfillment of legal formalities. The demands of corporate governance require given structures and procedural processes that must be efficiently and effectively implemented. The economic viability of the total business processes must not be reduced i.e. compliance versus efficiency – this is fundamental to the success of implementation. At one level this presents a challenge for the CFO, at another it contains potential.

Corporate governance will remain a focus for the CFO in the years ahead because, among other reasons, more than a quarter of the companies have problems with establishing corporate governance structures. CFOs see the integration of corporate governance projects with process optimization as an important success factor for implementation.

If this runs successfully, it can strengthen the position of the CFO on a long-term basis. Furthermore it can be expected that governance, risk and compliance functions will be integrated into one responsible entity in the organization.

Corporate governance demands can be realized efficiently and effectively via close connectivity with process optimization projects. Without consistent implementation, the defined structures cannot be followed. Complex and costly processes emerge. However, the successful long-term implementation of legal and regulatory demands will strengthen the position of the CFO throughout the entire company.

“The role of
the CFO is...

...keeping
the CEO
out of jail!”

5. IN THE FOOTSTEPS OF THE CFO IN 2020

The world in 2020 is unstable, both politically and economically. There are huge balance shifts going on. Adaptability will be key. Companies need to be flexible and must be able to go with the flow. Changes happen continuously and more quickly and organizations will need to be able to respond to that. The CFO finds himself in the middle of these developments. He needs to act quickly, because the world is changing rapidly.

Carole Murphy



AS A CHILD
I WANTED TO BE AN
AIR HOSTESS NOW
I AM A CONSULTANT

“It will be possible to work anywhere due to advanced technology and trust-based company cultures”

One of the most important ingredients for the future CFO is to stay connected with the world. He or she will need hourly real-time news feeds, on the spot and focused on the information needed. Working life will be more interlinked with private life. The CFO's company is likely to act globally, implying different time zones. Moreover, it will be possible to work anywhere due to advanced technology and trust-based company cultures.

The CFO is a team player in a diverse environment, constantly sharing views, sharing ideas and getting feedback to ensure that he or she looks at the world not just from his or her angle but from a really all-round perspective.

For the CFO to make the right decisions, scenarios are very important, i.e. what is the impact of rising fuel prices or a new major terrorist attack on one of the worlds' landmarks? These scenarios can and will be calculated by computers, so the CFO can spend all the time, effort and energy towards decision making, managing (out)sourcing contracts and hedging resources.

The CFO is not just focusing on money in 2020. There is also a need to focus on value. The Euro is not the only KPI the CFO is worried about, because there is also the reputation of the company or the organization to consider and its corporate social impact. Of course, financial performance will remain important.

5.1 Company Culture

Company cultures will gain importance. Since 2020 will, on the one hand, be focused on the individual needs of the employee and, on the other hand, be highly dependent on relations and networks, the company culture must be a strong. Individual employees must identify themselves with the culture in order for the company to retain them, since individuals go where they expect to find their best personal opportunities.

There will also be a shifting responsibility: the CFO more of a facilitator who enables his team to make the right decisions. This has two main advantages: First, no hidden agendas or

individual interests that create sub-optimal decision making. Second, the decision will have been approved by all people involved. In some cases the responsibilities of the CFO will be divided among more people, covering different time zones and locations.

5.2 Cool or not cool?

During the Finance Vision 2020 Event we asked several CFOs what they considered to be cool and what not in the year 2020. It is definitely cool to be a decision maker at the forefront, to be perceived as a Chief Value Officer who can contribute to the strategic debate. The cool CFO focuses on people management, value, risks, integrity, growth, innovation and on external challenges. Daily activities include checking the dashboard, following the news, scanning and providing information inside and outside the company, decision making, ensuring compliance, inspiring and coaching people in the team judgement and managing external relations with shareholders and investors. The CFO's team consists of diverse people from different nationalities and cultural backgrounds. Together they

prepare proposals for the Board, supported by automated scenarios and quantification of consequences. Of course the future CFO will make use of the extensive communication infrastructure to avoid long travel hours. His KPIs are no longer solely measured in Euros. Other KPIs include reputation and company image, corporate social impact, financial performance and employer value.

It is not cool to perform routine tasks; these will be automated. It is also not cool to work long hours in a fixed working environment. In 2020 the work of the CFO is measured in terms of responsibilities. When or where he or she works is not important. Other unpopular activities include excessive travel times, explaining (new) accounting rules to shareholders and being overloaded with information.

Erik van der Steen



AS A CHILD I WANTED
TO BE A COMPANY
DOCTOR NOW I AM
A FINANCE MANAGER

Summarizing our vision

One certainty we can build on today and which will have relevance until the end of time is the ever unpredictable nature of today's world. This single source of truth – today's world – is a perfect starting point. When we explore the future, we base our visions on today's reality. Several megatrends have been identified based on today's developments that will undoubtedly affect the CFOs agenda. From these megatrends, change drivers have been explored and a translation has been made to analyze the non-theoretical applications of these effects on the 2020 CFO agenda. To simplify: what are the practical effects of the megatrends and change drivers on the activities and responsibilities of the 2020 CFO?

Activities and responsibilities indicate role definition; what will be the role of the CFO in 2020 considering the many factors that result from the global megatrends. A major dilemma any CFO will have to deal with is the balance between certainty and uncertainty; an ongoing delicate issue that affects every-day decision making. Various megatrends touch upon technology as a major driver for change. Decision making is greatly enhanced using technology as it will allow for the fast and easy gathering of data and the production of information. Decisions, however, are not solely based on data and information; we also reserve opportunity for personal judgment and experience. The CFO in 2020 must be an individual raised in various departments of the company so that he or she can base decisions on valid experience and knowledge of the company. In addition, the CFO will need to be communicative, strong in people skills, well attached to the company, have a good sense of business and numbers, and be a visionary so that he or she can also strategically steer the company.

The CFO will move closer to the CEO, and will likely increase both operational responsibilities and value.

Governance will thus be an important issue for the CFO. The traditional CFO acts as the first line of support for the CEO in his general decision making. The CFO in 2020 will have greater decision making power, supported by smart technology and a corporate structure that will empower him or her to act. The megatrends and drivers exert pressure on the corporate structure of companies: globalization versus localization, specialization or broad expertise, mass customization versus mass-production. Globalization will necessitate the need for worldwide operations, but with a watchful eye to ensure specialization does not decrease.

Underlying all decisions made by the CFO is the demand for and monitoring of value creation. A clear definition of value must therefore be communicated within the company, and the corporate culture must be tuned to accept and realize this definition. The CFO will have the opportunity to reconfigure the business (i.e. company structure) to suit the creation of value in all businesses that the company is involved in.

We might speak of a CVO, Chief Value Officer, rather than the traditional CFO. Perhaps even a paradigm shift will occur in which a traditional CFO is no longer accepted and is, instead, replaced by a CVO.

Roland van
der Pouw



AS A CHILD I WANTED
TO BE A PILOT NOW
I AM A MANAGER
CONTROL

“Evolution always
ends with some
kind of revolution!”

Johan Hiensch



AS A CHILD I WANTED
TO BE AN NBA-BASKET-
BALL PLAYER NOW
I AM A CONSULTANT

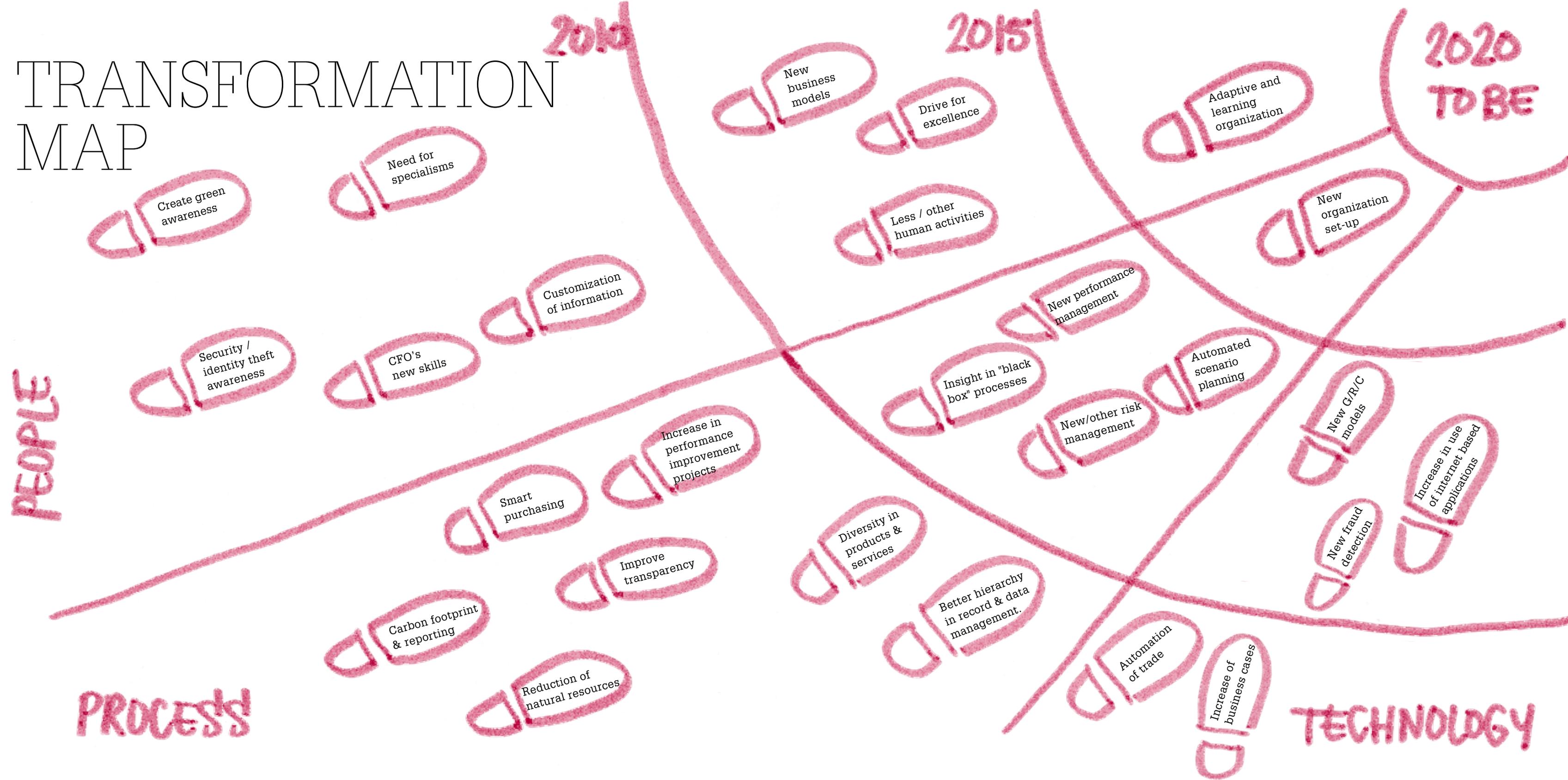
6. ON THE WAY TO THE FUTURE

To chart an organization's changing transformation based on our Finance Vision 2020, we have used what we call a transformation map (or **T-map**). A transformation map is a representation of the ambition and the journey towards it. It is a simple but powerful framework depicting the transformational change program by showing the longer-term timeframe, and in this particular case showing the finance function programs towards our Finance Vision 2020.

We have defined the components of the change program as "People, Process and Technology". These are the axis for the **T-map**. They are the key subject areas on which the business should focus. We have also determined the timeframes for the transformation, starting in 2008, traveling via 2010 and 2015 towards 2020. And we have mapped the programs required for the organization to go from the "As Is" to the "To Be".

The "To Be" situation, the future finance function, has been fully described in chapter four and five. The overall message is about creating value and the key elements are about having a clear definition of value, governance, "green reporting", new measurement systems, doing the right work and doing it work excellently, integration of controls with governance, and risks and skill change for the CFO.

TRANSFORMATION MAP



People

Create green awareness around carbon reduction and develop skills for new financial reporting; new regulations around financial reporting on carbon reduction, waste reduction, investments leading to reductions, provisions taken, penalties paid, etc will require both an awareness within the finance function and the development of skills to perform the reporting. This will lead to an environmental friendly organization that is able to steer towards its goals to improve its environmental friendliness.

CFO's new skills: next to his professional F&A knowledge the CFO of tomorrow is well known for his communication and relation management skills. Furthermore we will see the CFO being experienced via other functions outside finance in the organization. Experiences in the supply chain, production, commercial function and marketing will enrich the judgments of the CFO.

Customization of information: computers or even robots cannot make the decisions for us. They have to be programmed. So it will be the responsibility of individual employees to program/ install their filters (i.e. RSS feeds) in such a way that they receive only the information they request or which is necessary for their functioning. Dealing with the potential risk of information overload is a personal responsibility with technology simply a facilitating factor.

To steer a course towards company values such as intellectual property, brand value and innovation, **new business models** are required. Such a model will encourage employees to contribute towards increasing the company value.

Automation (or outsourcing) of low skilled (no value adding) labor will lead to **fewer or alternative activities performed by**

employees in the finance function. Therefore, as we mentioned when discussing a **CFO's new skills**, the education/ training of employees is key and having a specialism will be the real differentiator.

Keeping the 'hot shots' in your organization and developing your employees into hot shots by **driving for excellence** will be another important differentiator. All sorts of initiatives to support this drive for excellence and to address the increased mobility of employees must be started. Suggestions include: alternative/ more flexible contracts, all kinds of 24/7 employee services, more individual training programs, and the inclusion of training costs and time in redemption payments etc. The organization of tomorrow will be an adaptive and learning organization.

Process

Carbon footprints and relating financial reporting:

upcoming regulation will drive the need for all manner of new financial reporting. Reporting will no longer be just an annual ritual. Customers and regulation will drive more and more frequent reporting that will lead to new processes within the finance function.

Smart purchasing to deal with increased prices due to scarcity:

new ways for purchasing, based on the price effects on the company's value chain, will have an impact on the finance function. Insights into the value chain, market analyses, and impact analyses all require new information and additional skills to deal with them. The CPO function will become more important and will show overlap with the CFO function.

Increase in performance improvement projects: the number of process optimization projects will increase significantly due to scarcity but also from an integrated Governance, Risk and Compliance perspective.

New management model to improve transparency: to really become in control and able to steer on innovation, brand value, intellectual property, environmental capital, retention and all other future company values new performance management processes and dashboard will be implemented. All to get the CFO in control and the help him making the right judgments.

Investments in reduction of natural resources will be key:

this is not only from an environmental perspective or for the potential penalties from not doing so but also from a cost perspective. Based on the price effects on the value chain, different scenarios need to be worked out. The underlying business case will become more and more important for the

CFO's judgment. Proper planning and forecasting will become increasingly important to address the issues arising from scarce natural resources.

Better hierarchy in records & data management: to reduce the risks resulting from identity theft and other criminal activity involving the stealing or misuse of company data, an improved hierarchy in record management is required.

Diversity in products and services: our always open 24/7 world has the potential to both hamper business and lead to an immense number of new opportunities. Diversity in products and services will yield new possibilities and new profits.

Better control and insight in "black box" processes: the internet will become more and more important. More data and processes (i.e. e-invoicing, e-billing, etc) will be run over the internet. Gaining insight into the "black box" of these processes will be unavoidable from an audit perspective.

New and other integrated risk management: as previously discussed, new purchasing will lead to other forms of integrated risk management (i.e. operational, information). The same applies to all other risks coming from our increasingly open world. The CFO of tomorrow will play an important role in controlling these risks. New integrated risk management is linked with an improved hierarchy in records and data management.

New performance management processes and model to improve transparency: to really take control and be able to drive innovation, brand value, intellectual property, retention and all other future company values, new performance management processes and dashboard (i.e. Return on Environment, ROE) will be implemented. These will put the CFO in control and the help him make the right judgments.

Automated and complex scenario planning and impact analyses:

as described earlier, plenty of new and alternative information will be available. This information will be used for better and greater scenario planning (upfront) and impact analyses (afterwards). All of this will support the CFO's judgments. Proper planning and forecasting will become more important – this is also due to scarce natural resources.

A new organization set-up: to facilitate change all the programs mentioned here require a learning organization to be set up. Delivering this organization will cost time, money and other resources.

Technology

Automation of trade: new environmental regulation will lead to several new forms of trading. Trading in self-produced energy, which cannot be used yourself, trade in emission rights, and trade in waste and water will not be possible without a high level of automation. Because of the capital involved the finance function will be the place for this kind of environmental trading.

The number of internal business cases will increase and they will become more important: business cases for investing in other more environmental production techniques, in new extraction techniques (i.e. extraction of oil out of sand), and in other resources, etc. Business case knowledge and experience will be a differentiator for employees in the finance function.

New ways for fraud detection: in the ever increasing open-all-hours world new security issues will occur. Fraud detection and more internet security will be unavoidable. Fraud and the financial claims coming from this is a CFO concern.

To ensure the in- and output of the “black box” financial processes (i.e. e-billing, e-invoicing, etc.) run securely over the internet a **new Governance, Risk and Compliance (GRC)** model will be required. The CFO of tomorrow will be responsible for the auditable in- and output – GRC is key.

Increase in the use of internet and internet applications for all sorts of financial processes (i.e. e-billing, e-invoicing). New technologies to support these initiatives will emerge.

“Do we still have the same identity when chips are in our body?”

Virtual value for virtual money

In about ten years from now a human body oriented entity will have multiple cybernetic oriented identities. Space and time will have fallen away and all traditional connections and identities, both individual and collective, are suppressed on the internet. New forms of anonymity, gender and identity switches are cultivated on the World Wide Web, thus superseding the idea of a global village. In the networked world people make customized environments and mix the virtual and physical realities into a hybrid total experience. People are using different identities in their behavior and transactions. Increasing amounts of a human's individual identity is copied to, sometimes replaced by, micro-PCs, like safe word-tools, smart cards, handsets, and other micro-PCs. In 2020 we have a bracelet as micro-PC that is your universal remote control, but also your individual identity card, driver's license, cash card, credit card, smartcard, music player, mini-TV, library card, notebook and internet-pc.

In ten years the youngest generations are in charge. They pay by “give away, take away” with virtual credits,

call minutes, and game dollars. They keep their own value storage that brings new ethic, philosophic, legal and financial questions. For instance: when “sleepwalking” in cyber world and conducting a weapon transaction á la “James Bond”... what will happen when the weapon company accepts the order and delivers? Who will be responsible? What will happen when an implanted chip changes the individual's behavior, perhaps adapts the human soul? Are we still the same identity when chips are in our body? When our mind is living in the ambience of the cyber world? When money is only virtual value, and identity is a temporary state, the economic system will dramatically change. I predict that in 2020 all products and services will be composed of one or more mass-buckets and that each mass-bucket has its own specific identity and value. Value is defined as a kind of settlement, like the price we pay for the product or service. The value of that product or service will be determined using independent and certified value calculating systems. Each mass-bucket exist in its simplest and most value-resistant way; this might be in the form of a scaffolding board, or the kiss-scene from the movie “Spiderman.”

The product or service can be virtual, physical or a combination of the two. The format, location and time of ownership hand-over are of major influence in deciding on the value of the product/service.

Example 1: If, in 2020, you are ordering your book online at the 7th generation Amazon.com, you would be buying the rights to a unit of text together with the contents of the book. It is then up to you to decide where, when and in what format you would like to receive the units.

Example 2: the image of a recently murdered politician on the street has quickly depleting value. Think of high definition video to a black and white mobile image; the price will drop considerably because of time, but also because of location and quality.

The value (i.e. price) will depend on the choices you make. It could be cheaper to conduct business at night due to lower power and infrastructure usage. Or more expensive when you want your pizza, parking slot or priority access at prime

time. Value is enhanced by the experience of the receiver; for a bottle of wine for example, the temperature and shocks that the bottle has to endure during transport will determine its value. The concepts, clearance and processes explained above all make use of automated detection and allocation systems based on using information such as ID number, time, place and quality (think of AI and RFID technologies).

The people who will be working in this 99% automated value-determining/calculating system (CFOs, controllers, etc) will have been substituted by analysts, brokers and trouble shooters in 2020. All processes will be guarded using intelligent agents (taking into account judiciary laws and commercial agreements). Judges as well as auditors will have been fully adapted to and integrated into the 2020 transaction process/systems. Human senses, even the kiss can be virtually exchanged. Be aware of the dog that *bytes!*

Jacob van Kokswijk
Professor Virtualization
at the Katholieke Universiteit Leuven, Belgium

“The CFO is less trained in taking responsibilities ... but compared with the other board members the CFO is the best trained!”

7. ARE YOU READY FOR 2020?

While the specific vision of the future finance function presented in this report may not be in line with the views of all readers, one conclusion is clear: the role of the finance function, and the CFO in particular will change due to major trends and key drivers. We foresee the CFO of today becoming more and more the CVO of tomorrow. A decision maker with good business, communication and above all judgment skills, working at the forefront in a learning organization with strong focus on value add and cost reduction. This will be essential in order to achieve a more efficient and effective finance function that better serves the needs of the stakeholders.

The long-term success of your company, and the finance function in particular, will be determined by your ability to exploit the opportunities highlighted in the book.

Have you asked yourself the right questions?

To be successful in this 2020 finance function, companies will need to have a number of key capabilities in place.

To help determine your readiness for the challenges and opportunities that lie ahead on the road to the future finance function it is important to ask yourself a few questions regarding the key areas of opportunity.

Klaasjan Doeswijk



AS A CHILD I WANTED
TO BE A FOREST
RANGER NOW I AM
A CONSULTANT

“Business Transformation has become a central way of working”

A green and environmentally friendly world with exhaustion of natural resources:

- Will you be able to move from a defensive risk management focus to an offensive revenue generation opportunity to tackle sustainability issues?
- Will you be able to nurture and incorporate the cradle to cradle concepts by, amongst others, making use of business cases?
- Will you be able to set up and implement a steering and control framework for corporate responsibility that includes trading systems and regular reporting on, amongst others, carbon and waste reduction?
- Can you manage the smart purchasing of natural resources?
- Will you be able to constantly look for cheaper and more sustainable alternatives?

One open world:

- Are you able to recognize problems promptly, develop solutions swiftly and implement them immediately, by for instance by making use of an integrated risk management system?
- Will you be able to avoid identity theft using, for example, record management and protection IT systems?
- Will you be able to create a flexible and innovative finance function that is connected to the world, and at the same time facilitate free-trade, realize innovation and create business value?
- Will you have insight and control and auditable in- and output “black box” processes like e-billing by making use of such tools as a well implemented governance, risk and compliance framework?

Technology versus human capital:

- Will you be able to act quickly and make the right choices in an increasingly complex world an overload of information? For example, can you make use of business intelligence, scenario planning, impact analysis and above all judgment?
- Is your corporate performance management system adaptive and based on value (brand, intellectual property)?

Drive for excellence and talent:

- Are you capable of attracting young and highly trained, educated and skilled professionals and retaining experienced employees?
- Are you able to create a strong corporate culture and a flexible work force working from flexible locations?
- Are you able to spot new opportunities based on elements such as diversity programs that include dimensions like cultural, markets, products, services and geographies?

“The secret to success resides in strong commitment throughout the project”

TechnoVision: Bringing Business Technology to Life

In business it is nowadays hard to imagine any substantial change or transformation without technology. So inevitably, if we envision the role of finance (or any other enterprise function) in 2020, we need at least a good grasp of what information technology will bring to us. And we need to master both the technology of today – to master its complexities and translate it into the competitive advantages of now – and of course the technology of tomorrow – to anticipate its evolution and prepare for the change it will enable.

As it is Capgemini's core business to help our clients perform and transform through technologies (after all, this is what the mission statement tells us), it needs even more than just a 'good grasp' of how technology is emerging. This is why TechnoVision was created: a frequently updated vision document that explores the evolution of technology and its impact on the way business will be run.

It answers questions that always will always be asked, over and over again: how is technology evolving? Where should we invest? What is the best information technology strategy for our business? These questions are increasingly difficult to answer, for two main reasons. First, information technology is mushrooming, fuelled by the imagination of tens of millions of new users every year, the global opportunities and pressures corporations have to cope with, and the growing appetite of public administrations for competitive tools. Second, rates of adoption are even less predictable than in

the past: The weight of decades of investments can slow down the spread of new technologies, but Internet users create new standards in just months, not years. And as we now all know from experience, the economic climate may change dramatically fast, seemingly overnight, putting the use of technology in a radically different light.

TechnoVision pursues two objectives. The first objective is to provide a clear picture of the information technologies that are the most relevant to users – individuals or organizations. TechnoVision proposes a taxonomy that is the result of years of work by the network of Capgemini's chief technology officers, and depicts the impact of the evolution of these information technologies. The second objective is to shed light on how these technologies and their evolution will impact business. TechnoVision proposes a simple, elegant matrix as the tool to explore the increasingly close relationships between business and technology. It literally maps business drivers to technology solutions, describing the impact of a certain technology solution on a business driver, both in terms of causality (how important is the solution to challenge the business driver) and in terms of timing (how mature is the technology solution, but also: what are the capabilities of the organization to actually apply the solution).

Applying TechnoVision is not always a matter of identifying business drivers and then finding the technology solutions that may help to address them. Obviously, in many cases technology is a 'game changer': the very availability of a new

technology will enable new business models, products and services that are simply unthinkable without the technology. Amazon.com would never have existed without the Internet. And the world of music distribution would look dramatically different nowadays without the emergence of the iPod and iTunes. In order to fully benefit from the transformational power of information technology, its role should be managed at the executive level of the organization. Technology will bring us where we position it. Interesting enough, technology may only really change the finance function if we take it out of its responsibility area. If we position information technology in a supporting role, helping us to do our everyday work faster and more effectively – managing it on costs and risk – then this is where it will stay. Only if we take an outside perspective, ready to challenge even the essence of our ongoing operations, might we find the true opportunities for change on our way to the transformed finance function of 2020.

At its heart, TechnoVision asserts that the ongoing evolution of technology creates freedom for businesses in many different ways. More precisely, there are two distinct sides to applying technology to create and enable freedom.

First, technology opens up vast opportunities for new value and innovation: it will provide organizations with the freedom to choose where they want to focus their energies, thus helping them achieve their business objectives. This signifies an 'externalization' of technology in which information and services become usable by any person or any machine, inside

and outside the organization. The shift from a typical internal view of the world towards much more external views is driven by a competitive, globalizing market, the quick uptake of new technologies in everyday life and by a strong focus on people-centric communication. Technology becomes an almost ubiquitous part of the way we do our business. And the tools we will use will not be expert tools: they are true 'business technology' solutions, designed to be used in the near proximity of the business, responding to the quickly changing needs of the market-facing part of the enterprise.

However, to be successful in this, organizations must first be liberated from the burden of having to manage assets that do not contribute to differentiating value, yet consume a disproportionate part of budget, time and resources. This is the second – and arguably most important – side: technology helps us free ourselves from current constraints and obstacles. No matter how inspiring our vision of 2020 may be: if we do not overcome the legacy of the systems, processes and organizational structures that we have created ourselves in the past, very little of this vision will materialize. And nothing is more frustrating than to see the promising glimpse of a new horizon, only to find out that your petrified state prevents you from moving there. Innovation thus requires an open mind and the courage to make decisions, not only in finding new ways, but particularly in leaving behind the old.

Ron Tolido
CTO Capgemini Continental Europe Asia Pacific

Henk Woertman



AS A CHILD I WANTED
TO BE AN ECONOMIST
NOW I AM AN ECONOMIST

Reinhold Pfeiffer



AS A CHILD I WANTED
TO BE A MILLER NOW
I AM A CONSULTANT

Finance Function 2020 masterplan derived from trends and drivers

Megatrend	Change driver	People	Process	Technology
Everything needs to be (more) environmentally friendly	Kyoto/ Poznan/ 202020 regulation	Create green awareness around carbon reduction and develop skills for new financial reporting	Necessity of having a carbon footprint (and related financial reporting)	Automation of trade (i.e. emission rights, overload of energy, waste, water, etc.)
	Cradle to cradle (0 waste)			Other production techniques leading to waste reduction requires business cases
The Exhaustion of Natural Resources	Scarcity leading to increased prices	Need for people with a specialism (i.e. finance and accounting possibly combined with emission trading)	Smart purchasing (incl. hedging) based on impact analyses of the price effects on the value chain	Innovation in extraction processes requires business cases
			Investments in reduction of natural resources will be key	Business case innovation in other natural resources requires business cases

Finance Function 2020 masterplan derived from trends and drivers

Megatrend	Change driver	People	Process	Technology
Information, Information, Information	Increase in identity theft will lead to more security	Awareness program for employees	Better hierarchy in and data records management	New ways for fraud detection/ improved internet security
	Rise of the cashless generation		Better control and insight in 'black box' processes, more auditing of the in- & output	GRC on the 'black box' of processes
	Rise of terrorism (sector dependent)		New risk management (i.e. hedging)	More use of SEPA, e-billing, e-invoicing, etc. will require new technologies
	Piracy	Change in business models with pressure on innovation, brand value and intellectual property	New performance management to provide a steer on innovation, brand value and intellectual property	

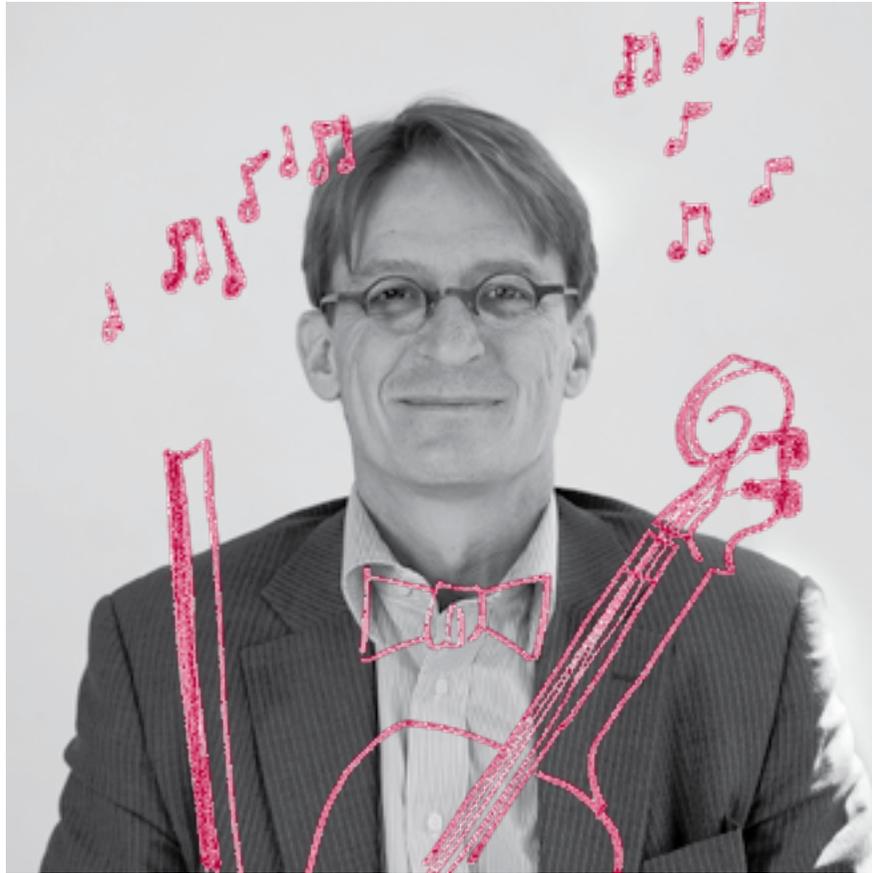
Finance Function 2020 masterplan derived from trends and drivers

Megatrend	Change driver	People	Process	Technology
2 Balancing Security and Openness	Data/ information must be available anywhere/ anyplace and anytime (24/7) to speed up decision making	Automation of information gathering and analysis will lead to fewer human activities	Information will be used for automated and complex scenario planning and impact analysis	Need for governance, risk and compliancy (on the technology/ information architecture) to ensure data integrity/ security
	Immunity due to information overload	Employees are responsible for installing the right filters/ customization (technology is just supporting)		
	CFO's judgement will become more important	CFO skills around people and relationship management will need to improve, furthermore the CFO will have a broader experience in the organization	Create an organizational set-up to facilitate change delivering a learning organization	CFO should have a broader knowledge of new technologies

Finance Function 2020 masterplan derived from trends and drivers

Megatrend	Change driver	People	Process	Technology
6 The Demographic Shift	New economies will emerge leading to an increase in (economic) gaps resulting in wars and clashes but also in other bonding activity types between humans	Initiatives for other/ more flexible contracts, 24/7 services for employees leading to a more adaptive organization	Diversity in products and services to fill the new opportunities/ new customer markets	Virtual world as a solution for making the gaps smaller
	Mobility of employees is a risk in terms of retaining knowledge	Development of competencies and capabilities (organizing the learning organization (change education, curriculum), the way we work, the dream team to manage the finance function)	Create transparency in accounting (efficiency an improved quality) by adjusting the management model	

Roel Meijers



AS A CHILD I WANTED
TO BE A VIOLINIST NOW
I AM A STRATEGIST

Alex Wortmann



AS A CHILD I WANTED
TO BE AN ASTRONAUT
NOW I AM
A CONSULTANT

8. APPENDIX 1: “THE MAKING OF ... VISION 2020 IN 22 HOURS”



DAY 1



We are ready to welcome our attendees to Finance Vision 2020



The lobby of The NH hotel where our journey to the year 2020 started.





After gathering in the NH hotel we walked together to Winkel van Sinkel where Marcel Bullinga warmed everybody up with his future check.

"What if we had
held this Finance Vision
20 *EVERY* *with*
20 Chinese CFOs?"

DAY 2



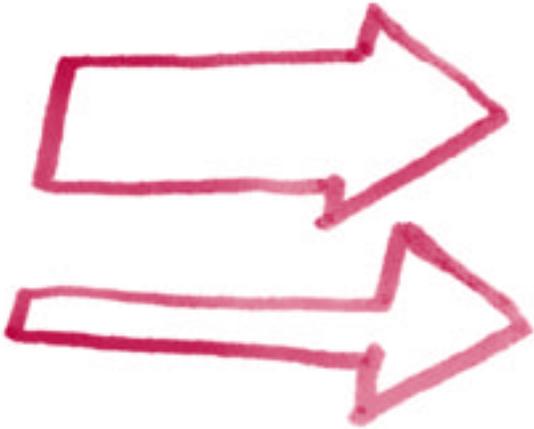
Getting started up with a fancy breakfast and a warm welcome by Jim Tersteeg.



Presenting new finance future visions

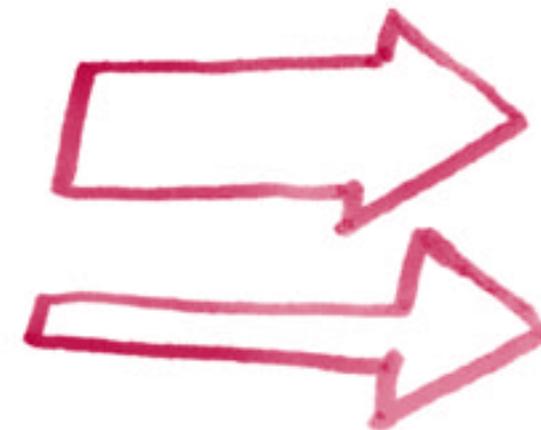


Put a group of CFOs in one room and you will get a fascinating discussion.





Everything that has been said can be used against you 😊
Klaasjan Doeswijk and Alexander Kuhn the two scribes of the event.



Roland van der Pouw was presents one of the assignments back to the group.



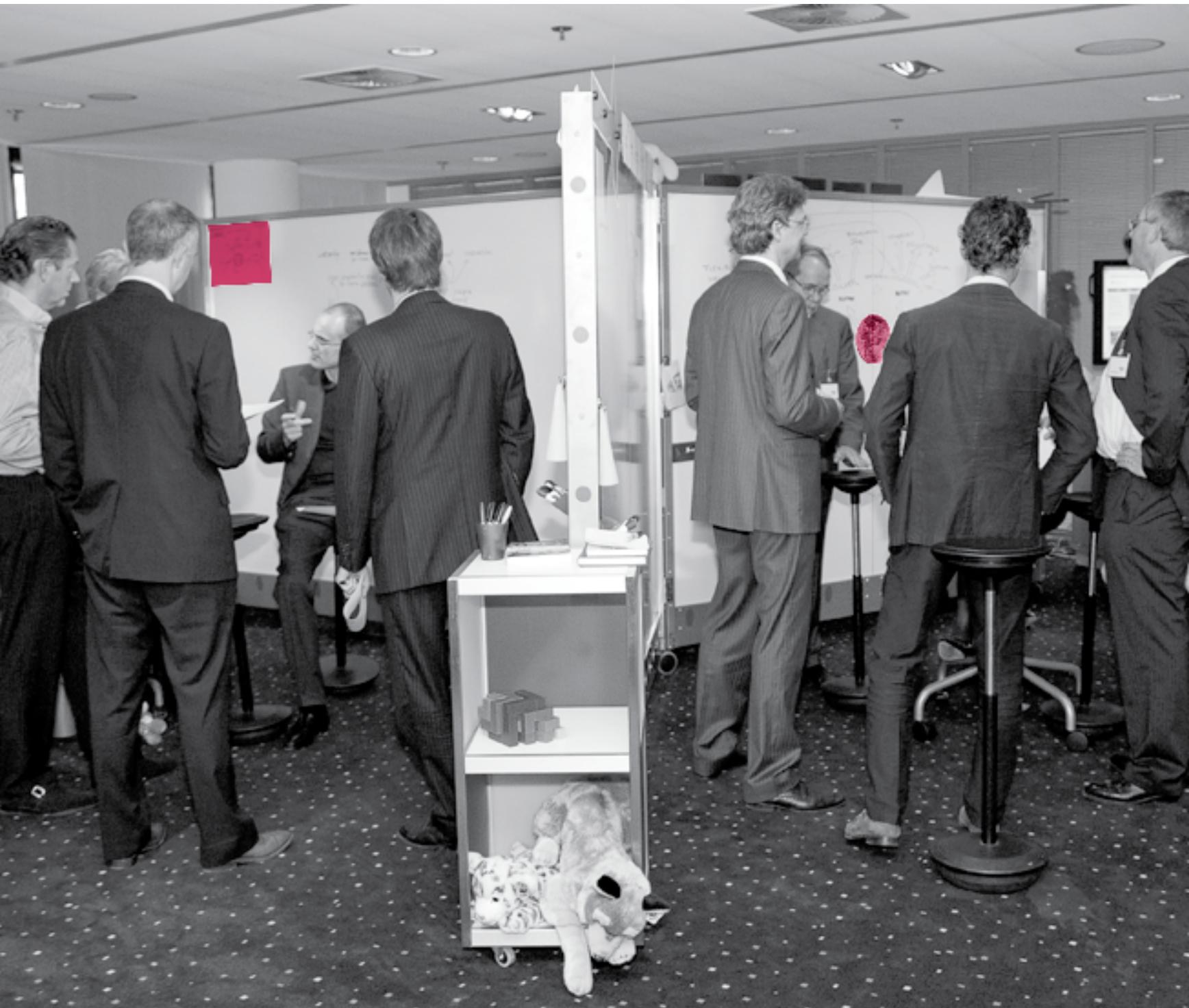
Luc Brands describes the influencers on today's world.



Jim Tersteeg captures his thoughts on paper



Paul Verhagen presenting one of the assignments back to the group.



“Together shaping the future alongside fellow CFOs, academics and other financial experts, we have achieved our goal.”

APPENDIX 2

How we see Business Transformation

The past few decades in business have been characterized by a succession of fundamental shifts in the way companies operate and structure themselves. In their search for greater efficiencies, economies of scale, growth opportunities or lower costs, companies have embraced trends such as outsourcing, off shoring, and mergers and acquisitions, while rapid technological development has transformed the way information is shared and communicated, and the way business processes and transactions are conducted.

Although trends such as off shoring, mergers and acquisitions, and large-scale IT projects can have different objectives and require different skills, they are all examples of business transformation. Each type of project requires executives to set clear objectives, to ensure that those aims are understood by everyone in the organization and to focus carefully on the implementation stage so that the objectives are achieved. In short, each project is about managing large-scale change – something that in today's highly distributed, global organization is a complex and demanding undertaking. A survey of senior executives from Western Europe and a series of in-depth interviews with executives have explored the trends that are driving business transformation and identified the challenges and opportunities presented by this vital aspect of contemporary business.

The need for business transformation has never been greater in the modern organization. But while companies are gradually becoming accustomed to being in the midst of constant change, they often lack the knowledge and skills they need

to thrive in such an environment. The aim is to look at the factors that are driving the need for business transformation, to assess the experiences of European businesses as they grapple with implementing complex change projects, and to recommend ways in which executives can improve the success rate of transformation in their organization.

The recent surge in mergers and acquisitions around the world serves as a potent reminder that there is no such thing as a static business environment. Factors such as competition, deregulation, technology and, perhaps most importantly, globalization, continue to exert a strong pressure in boardrooms across every industry, forcing executives to constantly reinvent the way in which they operate or structure their business.

Change, it seems, is no longer a rare occurrence – increasingly, it is the normal state of affairs. Executives have responded to this pressure to transform their business using a variety of mechanisms, including efficiency programs, large-scale outsourcing contracts, as well as the aforementioned mergers and acquisitions. These business transformation projects have become central to the corporate agenda, and it is now unusual for large companies not to be in the throes of either planning or implementing some form of major change project. But while business transformation has become central to the way in which companies conduct their operations, it is rarely a natural capability for the individuals who are tasked with planning and implementing these projects. Business transformation projects are inherently complex, and the fear of change can create a powerful state of inertia,

detering executives from making robust decisions and creating a culture of mistrust among those employees who are affected by the change. As a result, successful business transformation requires strong leadership, clearly stated objectives that are understood by everyone involved or impacted by the project and a strong focus on the implementation stage. Changes in the global business environment are an important driver of business transformation.

Increased competition from overseas competitors is seen as a key external trend that is driving the need for business transformation. As trade barriers continue to fall and as technology erodes the constraints of physical geography, companies in Western Europe face increasing levels of competition, especially from emerging markets. A common response has been to use business transformation to cut costs using outsourcing, increase economies of scale using mergers and acquisitions and improve the efficiency of business processes using major IT implementations. Business transformation has become a central way of working but many organizations don't believe that they excel at it. On average, seven transformation projects in a timespan of three years are executed, and this is expected to increase slightly. Levels of transformational activity are generally higher among larger companies than among smaller.

- Setting objectives is not enough – implementation is the riskiest stage. While companies tend to rate themselves fairly high for determining the need for business transformation and setting objectives, they are less confident about implementation, which is seen as the riskiest stage of a

project. The failure to achieve original objectives is also cited as the most common reason for project failure. This suggests that companies pay too much attention to setting objectives, and not enough to the mechanics and processes that will ensure these objectives are met.

- The secret to success resides in strong commitment throughout the project. Strong leadership and the support of senior managers are seen as the most important factors that ensure the long-term success of a business transformation project. This means that chief executives should not just initiate projects – they should also play an active role throughout their duration by setting clear objectives and ensuring that the whole organization buys into the vision. Having executives who champion business transformation is a key factor that ensures success, on top of having good project management and organization. Traditional project managing skills, however, may not be enough. In today's organizations, the ability to lead transformation and manage large-scale change is even so more important than ever.

Ton de Jong

General Manager Capgemini Consulting the Netherlands

Leader Business Transformation

COLOPHON

PUBLISHER

CAPGEMINI CONSULTING,
UTRECHT, THE NETHERLANDS

COÖRDINATION

MARIJE VAN BURKEN
KLAASJAN DOESWIJK
JIM TERSTEEG

CAPGEMINI DESIGN CENTERS

FRANC HAVERKORT
RANDALL SIE
CHRIS MOOR

TEXT

KLAASJAN DOESWIJK
JOHAN HIENSCH
TON DE JONG
JACOB VAN KOKSWIJK
EDWARD KOOPS
WILBERT KOPPERS
ALEXANDER KÜHN
ERIC MEIJER
TON MES
RANDALL SIE
ANNE STA VAN UITER
JIM TERSTEEG
RON TOLIDO

PHOTOGRAPHY

HEIDY BOUW

GRAPHIC DESIGN

VANDENBERG DRUKWERKEN, MAARN
RON VAN OTTERLO
ESTHER WINNUBST

PRINT

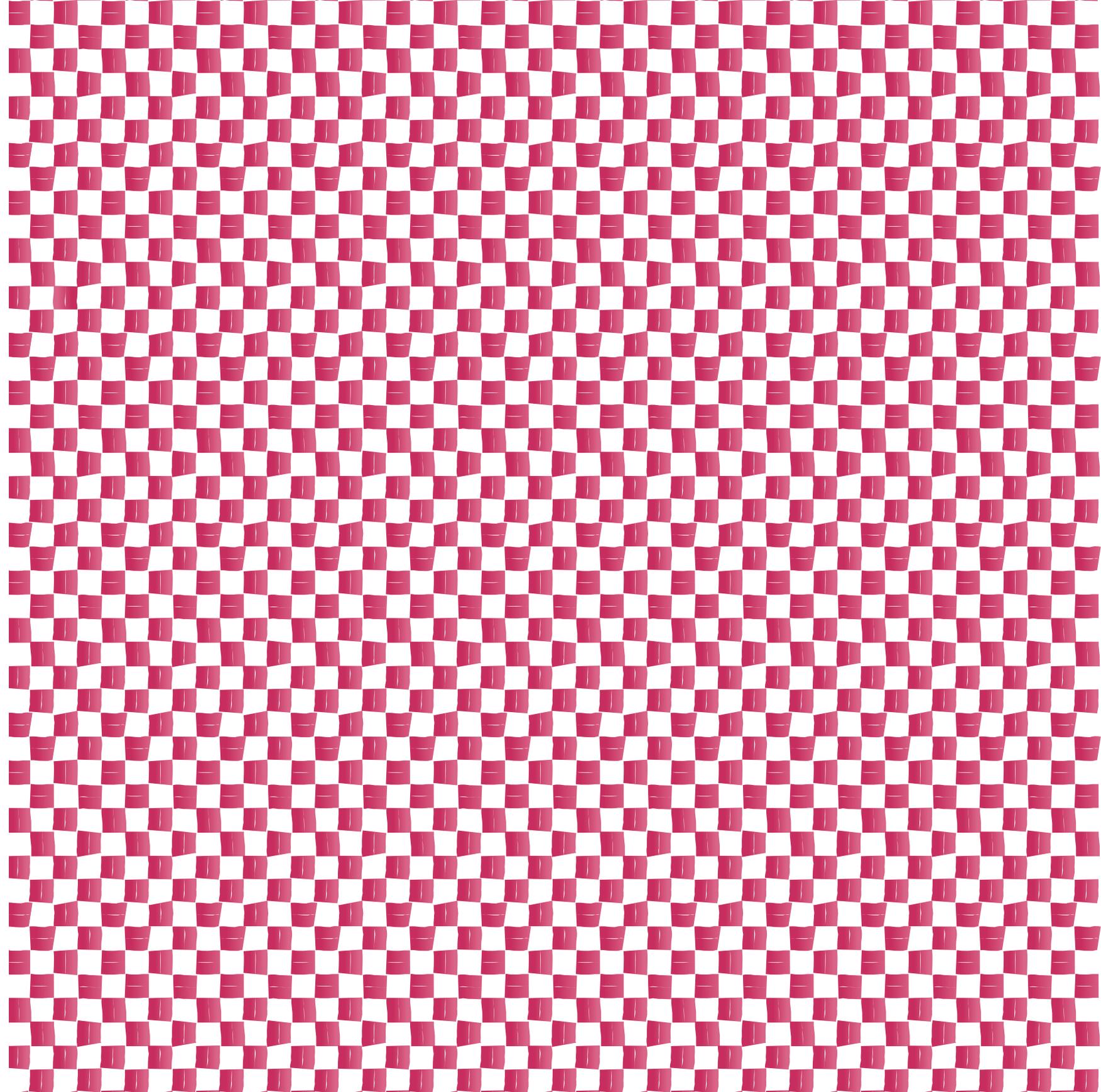
VANDENBERG DRUKWERKEN, MAARN

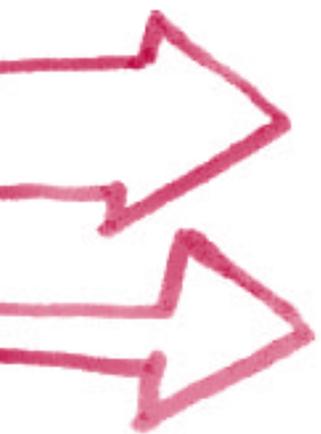
BINDING

CALLENBACH, NIJKERK

Capgemini Consulting is the Strategy and Management Consulting division of the Capgemini Group, employing 5,000 consultants in 36 countries. We advise and support you in transforming your organization, from strategy through to execution. We can help you manage complex challenges by providing innovative solutions and ideas, supported by our investments in deep sector and functional expertise. We deliver successful outcomes through working hand in hand with you to find the best solution. We call this way of working together the Collaborative Business Experience™, our trademark. It brings greater flexibility, reactivity and creativity, qualities that increase your freedom of action.

The Capgemini Group is headquartered in Paris.
www.capgemiconsulting.nl





www.capgeminiconsulting.nl