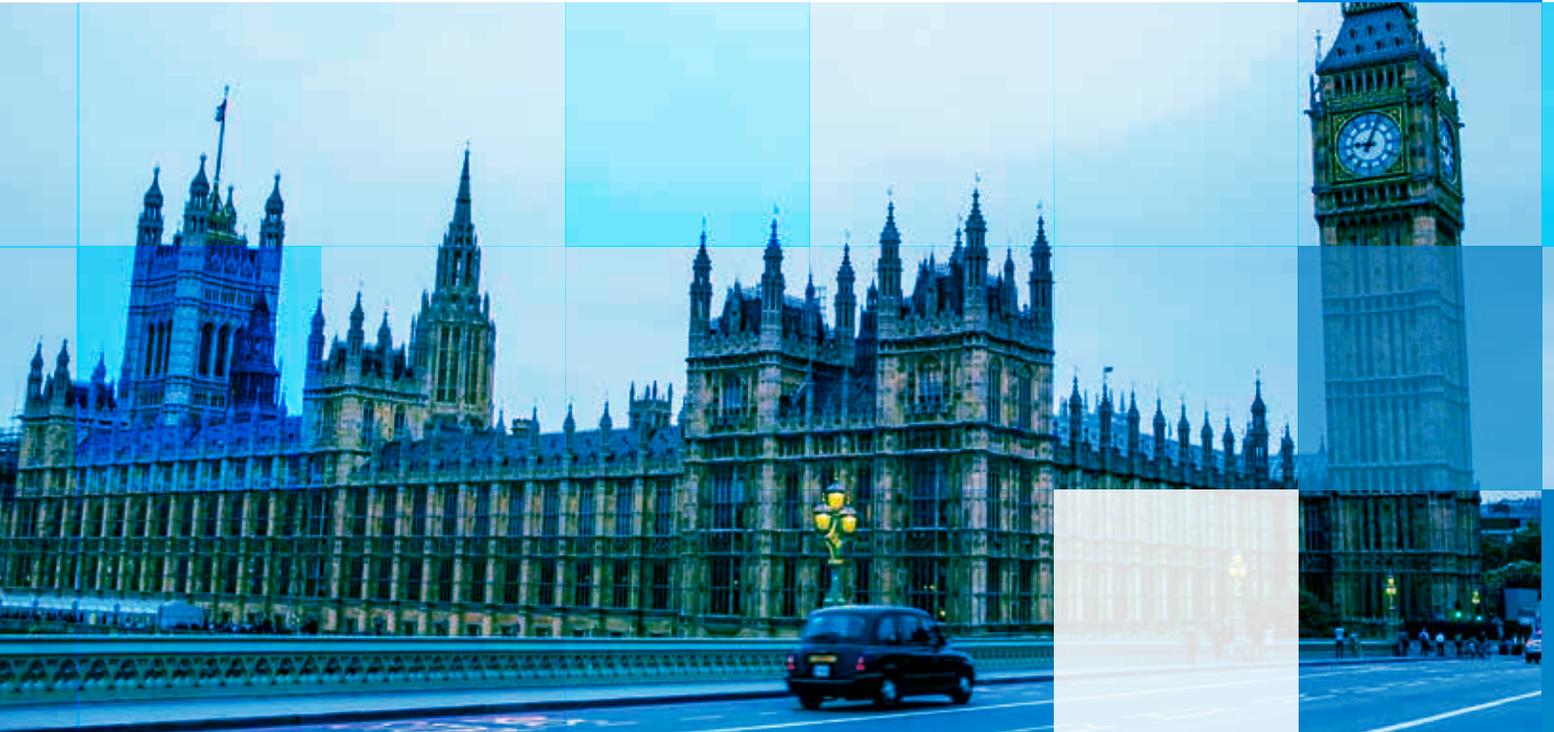


WHITE PAPER

Brexit, blockchain, cognitive computing, and Uber.
How will they redefine the CFO's life?



Abstract

Brexit, blockchain, cognitive computing, and Uber. These seemingly unrelated concepts, representing events, ideas, and business models – have already started touching our lives in more ways than one. Let's look at how these concepts are set to redefine the Chief Finance Officer's (CFO's) life, and the finance operations in the next few years.

Brexit

A majority of voters in the UK voted for exiting the EU, against the conventional wisdom of a global marketplace and free borders. While rapid globalization defined the early part of the 21st century, forces are gathering against globalization and migration across the world, the reflections of which were present in the US presidential primaries and the elections in Austria.

What will this mean in the future?

The war for talent among corporates in the developed world is bound to increase.

Blockchain

Blockchain, the innovation powering Bitcoin is predicted to redefine the way financial transactions will happen in the future. Data security definitions, data storage, master data management, credit verifications – all of these will morph dramatically.

What will this mean in the future?

The role of data intermediaries will reduce significantly over time.

Cognitive computing

Cognitive computing (CC) involves self-learning systems that use data mining, pattern recognition, and natural language processing to mimic the way the human brain works. It is in the early stages of the sigmoid growth phase.

What will this mean in the future?

In addition to robots replacing transactional white-collared jobs, the amount of data captured or managed by an enterprise will grow 100 times and the latency to utilize that data will come down dramatically.

Uber

Uber, the largest unicorn of them all, is redefining the way services are consumed. It has also brought in the concept of virtual employees and 360-degree stakeholder experience.

What will this mean in the future?

The CFOs of traditional businesses will have to defend their businesses from digital disrupters (like Uber). They will need to relook at their ability to scale, drive variability to cost, and the flexibility to change the business models and the functions supporting it.

The role of the CFO and the CFO's office has already undergone a major transformation in the last decade or so – from that of a bookkeeper to that of a business partner to the CEO. With this evolved persona in the backdrop, and the tectonic shifts across the business and technology landscape, let's see what the CFO has to be ready for in the coming years.



Brexit

The geopolitical shift to the right

- While free trade agreements will still be negotiated, tax havens and tax avoidance strategies will be under close scrutiny. This means that the CFO will need to rethink long-term tax planning strategies and be ready for higher taxation at source markets. Opportunities for tax avoidance through tax havens will reduce.
- Global physical mobility of employees might undergo a slowdown and the battle for talent will continue.
- Currency fluctuations and differential growth rates across countries will call for very active treasury management.





Blockchain

A new data paradigm

Many leading global banks have invested hundreds of millions of dollars in blockchain – the emerging financial cryptography concept where multiple stakeholders share a digital ledger across a network of computers (a peer-to-peer shared ledger) without need for a third-party monitoring authority. With a strong cryptographically auditable trail, this mode of transaction eliminates any third-party custodian for asset rights as it is managed by virtual contracts which execute

themselves when predefined conditions are met.

- The biggest impact of this will be in the capital markets where middle and back offices will shrink radically as the acceptance of a distributed ledger evolves
- Blockchain adoption across the banking system will result in a wider change in mindsets with regard to master data

maintenance and storage. A case in point will be for virtual vendor and customer master databases to become common place and for enterprises to update their vendors' or customers' master data from a global multi-tenanted master data hub / network

- Activities around credit profiling and credit evaluation of customers and other stakeholders also will become real-time, cheaper, and more accurate

Cognitive computing

Robots will replace accountants

Artificial intelligence (AI) and cognitive computing are areas of science which have progressed dramatically in the last five years. In addition to making our lives better (from Siri to self-driving cars), these technologies are also rapidly driving enterprise process automation.

- The finance organizations will shrink as more and more transactional jobs are automated
- The ability of organizations to access large amounts of relevant data in real time has become a competitive advantage and the CFO will have to don the hat of Chief Data Officer, too. While most of the large corporations have an analytics group or function, the time has come for CFOs to set up a big data analytics practice around enterprise performance management to be able to proactively predict and guide business performance
- The 'bookkeeper' role will pass on to the 'robot' and the CFO will primarily have to play the role of business partner to the CEO



Uber

A virtualized, consumer-centric world

Uber has been 'the digital disruptor' of recent times – whether in terms of building a US\$50 billion transportation company without any vehicles, its ability to scale and be a market leader across more than 450 cities across the globe in a short time span, or in the way customer satisfaction is defined

- Digital disruptors will continue to bring in paradigm changes to all industries and there will be a need to build a nimble, scalable finance organization with an OPEX cost structure
- It will be possible to build virtual organizations by leveraging virtual experts who will be available on demand
- Mass adoption of Uber-like business models across logistics, hospitality, and services will mean that organizations will need to reinvent their sourcing strategies
- Collaboration, networks, and marketplaces will replace iron curtains and non-cooperation between companies in the same ecosystem





In summary

The roadmap to being future-ready

First, be aware of how these tectonic changes are going to impact your business and the finance landscape. Your plan A should assume supporting your business in a world that is constantly changing. Be an early adopter and leverage cloud-based

data and information services. Leverage AI and cognitive process automation to transform an asset-heavy finance organization to a nimbler digital twin. You will need the right partner to traverse this dynamic environment who will bring in

the technology advances, the domain competencies, and contemporary best practices without you having to reinvent the wheel again and again. Last but not the least, try to provide a platform that enables your enterprise to be the 'Uber' of your business.

About the Author



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Prasanth has over 15 years of experience in business process reengineering and consulting. His expertise spans manufacturing, CPG, retail, and the telecom industries. With Infosys, he has played a variety of roles across transition, program management, and transformation services. In addition to his formal role, he also leads some key initiatives around digital and cognitive services. He is based out of London, UK.

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