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FINANCE EVOLUTION: THRIVING IN THE NEXT DECADE

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About this report

Finance functions are at the heart of organisations. They are responsible for providing trustworthy information to a variety of stakeholders, both internally and externally. The world is changing in many ways and the function cannot help but be changed itself by the same drivers. Never has trustworthy information been so important. Ignoring the forces of change could marginalise the function and potentially the performance of the organisation itself.

This research, which is based upon the contributions of over **150** finance leaders from across the world and **2,300** global respondents to a survey conducted in March 2024, provides insights into development of the finance function towards 2030 and beyond and the steps that finance leaders should start to consider now to prepare their function.

The information presented in this report presents the global picture. Regional and sectorial analyses of the results are available at accaglobal.com.

> *'Our world is increasingly complex, often chaotic, and always fast-flowing. This makes forecasting something between tremendously difficult and actually impossible, with a strong shift toward the latter as timescales get longer'.*
>
> **Andrew McAfee, a principal research scientist at Massachusetts Institute of Technology, in 2017 (McAfee and Brynjolfsson 2017).**

Foreword

Helen Brand OBE,
Chief Executive, ACCA

Ainslie van Onselen,
Chief Executive Officer,
CA ANZ

Simon Seymour,
Partner, PwC UK

Finance teams play an essential role in creating sustainable organisations, but their traditional focus on recording and reporting is increasingly challenged by a dynamic environment. Fast-moving economic and operating realities means that retrospective and traditional forecasting are no longer enough. Embracing opportunities presented by artificial intelligence (AI) and machine learning (ML) allows finance teams to leverage trusted data and provide proactive and forward-thinking advice across a range of business issues. Failure to adapt will marginalise the function within five years.

In a world where reliable sources of information are scarce, finance teams must stand as beacons of trust for internal and external stakeholders. Trust is hard to win, but easy to lose. Accountancy and finance professionals are expected to adhere to the ethical standards of their profession in all their activities, carrying the responsibility to uphold and maintain trust. The past remains relevant, but its significance is now part of a broader context. Finance teams must recognise and address this context to maintain their relevance.

This report outlines what the future should look like for successful finance teams. In the coming years, the authors will monitor progress, identify new opportunities and highlight emerging threats to support finance teams in their evolution. The journey involves not just the finance function but the entire organisation, with finance teams leading the way towards a circular economy.

Progress requires skilled people, efficient processes, trusted data and emerging technologies. Some teams may struggle with the pace of change, but all finance functions must strive to adapt. In a world of uncertainty, the only certainty is that failing to prepare for the future means preparing to fail. Investment cases may be challenging, but incremental steps in expanding capabilities and skills are essential. Continuous learning, supported by your professional body, and adaptation are key to developing the future-fit, autonomous function that stakeholders demand.

Finance teams have five years to reinvent themselves. Starting now is the only option.

Contents

Navigating this report 6

Executive summary 7
- A changing world 7
- Purpose of the finance function in an age of autonomy 7
- Drivers for change 8
- Goal of the function – autonomy 8
- Impact on the finance function 9

Preface: Opportunities for accelerating reinvention 10
- Developing the opportunities 12
- Recommended actions 14

1. The world in 2030 16

2. Finance functions: Drivers for change 19
- 2.1 An overview of the drivers 20
- 2.2 Macro-level drivers 20
  - 2.2.1 Increasing geopolitical risk 20
  - 2.2.2 Broader range of stakeholders and a broader view of performance 21
  - 2.2.3 Evolving organisational purpose 22
  - 2.2.4 Addressing a circular economy 22
- 2.3 Transformational drivers 24
  - 2.3.1 Timely and efficient processes 24
  - 2.3.2 Talent and skill constraints 25
  - 2.3.3 Increasing and evolving data 25
  - 2.3.4 Technology enhancements 26
  - 2.3.5 The increasing need for deep expertise 28
  - 2.3.6 Increasing and diverse regulation 28

3. The finance function in 2030 and beyond 30
- 3.1 Purpose of the finance function 30
  - 3.1.1 The importance of trust and the ethical lens 30
  - 3.1.2 The concept of value 31
  - 3.1.3 The pre-emptively active, autonomous finance function 31
  - 3.1.4 Future domains of the finance function 32
  - 3.1.5 Future effort expended 34
- 3.2 The organisational model 34
  - 3.2.1 An agile organisational model 34
  - 3.2.2 The transformed C-suite leadership 34

4. Enabling the transformation journey 35
- 4.1 Developing the strategy 35
  - 4.1.1 The importance of strategy 35
  - 4.1.2 Developing the vision 36
- 4.2 Transformational drivers 38
  - 4.2.1 People 38
  - 4.2.2 Process 44
  - 4.2.3 Data 45
  - 4.2.4 Technology 47
- 4.3 Developing the finance function domains 48
  - 4.3.1 Transactional processing 49
  - 4.3.2 Compliance, reporting and regulation 50
  - 4.3.3 Insight and forecasting 51
  - 4.3.4 Value creation 53
  - 4.3.5 Data integrity and management 53
  - 4.3.6 Strategic consulting 54
- 4.4 The value case for finance function 54

Conclusion 55

Appendix 1 – Sample new role job descriptions 56

Appendix 2 – Survey demographics 59
- Analysis of responses by region 59
- Analysis of responses by organisation size 59
- Analysis of responses by sector 59

Acknowledgements 60

References 61

Navigating this report

1. The world in 2030
Use this section to explore some of the key trends which might have an impact on the world in 2030.

2. Finance functions: Drivers for change
Use this section to prompt your thoughts about the drivers which might impact the finance function in 2030.

3. The finance function in 2030 and beyond
Use this section to consider what the finance function might need to do to adapt to conditions in 2030 and beyond. Use the domains introduced to consider the form the function might take.

4. Enabling the transformation journey
Use this section to explore the actions to develop the strategy for the function, including new job roles and skill sets as well as technology and data.

CORE COMPETENCIES

- In **Section 4** these boxes suggest the competencies that it might be appropriate to develop.

THROUGHOUT THE REPORT

- These boxes provide actions that may be considered as part of the journey towards an autonomous function.

Executive summary

Three key messages from this report

- The finance function needs to focus on the delivery of long-term value creation as well as short-term profit maximisation.
- The role of the function is to create trust in predictive information and pre-emptive decision making within the ecosystem where their organisation and respective stakeholders operate, in a changing world where trust is at a premium.
- A successful function embraces new, agile, skill sets, career paths and capabilities to ensure that it fulfils the broader role required of it by its stakeholders and continuously reinvents itself while maintaining its fundamental values and regulatory functions.

A changing world

There are at least three significant complexities that the world faces in the remainder of this decade, and perhaps beyond (as discussed in Chapter 1). These are:

- changing demographics across the world's population
- the impact of climate and social change on the planet and the extent to which these impacts can be, and are being, mitigated
- the rise of AI and ML and how these will change the way we live.

This report considers these complexities in the context of the finance function and the role that it is expected to play in 2030 and beyond, considering the point at which the function needs to deliver autonomous capabilities – the capacity to be pre-emptive and instigate opportunistic or avoiding strategies before events crystalise. While this might seem a long way off, given the short-term challenges that organisations inevitably face, the reality is that preparation for the inevitable changes should have already started. Using the perspectives of over 150 finance professionals from across the globe and the 2,300 responses to a global survey, this report examines these trends and makes recommendations for finance leaders to consider in preparing their teams for the future.

Purpose of the finance function in an age of autonomy

In a world of rapid technological advances, methods of deception continue to evolve and develop, resulting in trust becoming a scarcer commodity. In this world, role of the finance function must be to deliver trustworthy data, analysis and forward-looking insights for both internal and external stakeholders. This view of performance is holistic and centred on the value that the organisation creates and delivers to society across many dimensions. In turn, this engenders trust and transparency in the capital markets and the broader economy.

That trust needs to arise from the reliability of the data the function uses to measure and predict performance in a world that is uncertain and rapidly changing. Agility is a necessary attribute on many levels.

The purpose of the function in the future can be summarised as follows to: 'provide data that can be trusted and insights derived from it to, both internal and external stakeholders, which drives future, pre-emptive action and value-centric performance'. This can be embraced by the concept of autonomous accounting.

'I think that the role of the finance function is definitely evolving because the world is shifting'.
Chief financial officer (CFO) based in South Africa

Drivers for change

The initial message must be that the finance function itself is not existentially threatened. Nonetheless, that cannot be cause for complacency. The role itself and expectations of it are evolving and, as has been said in previous reports by ACCA, CA ANZ and PwC,[1] a failure to adapt will lead to marginalisation.

The finance function of the future needs to be agile and respond to a series of drivers of change (which are explored in Chapter 2). Each of these drivers (Figure ES1) changes the nature of organisations and hence the role of the function, into the future. However, it less about the finance function being marginalised and more about the long-term success of the organisation being put at risk if finance does not continually evolve.

Each of these drivers on its own may well cause a finance leader to rethink some of the aspects of the function. In combination, they suggest the need to critically appraise the vision and role of the function as well as how it interacts with both its internal and external stakeholders, who themselves have increasing requirements.

Goal of the function – autonomy

The goal of the future finance function must be to become pre-emptive in offering insight and advice to its stakeholders. The concept of the pre-emptive, autonomous finance function (as discussed in section 3.1.3) centres on giving advice that focuses on highlighting potential responses to potential risks, rather than reporting the past. This function uses AI to predict trends and address potential risks before they have crystalised. The function must be moving towards this autonomous state. The distance travelled towards this goal will depend on the function and the resources available to it. Figure ES2 shows the aspiration in a progression model.

The transition to an autonomous function may occur at different speeds in different elements of the function, as well as between different organisations. The need to support a value-centric approach may dictate that insights and partnering may be more pre-emptive whilst transactional processing may be more passive. Yet the overall goal has to be an overall function that acts autonomously.

Creating an autonomous future-ready function requires investment and the establishing of a value case which resonates with the key decision-makers (see section 4.4). The value case must be constructed around the ability to deliver advice proactively, based upon sound and trusted data. At a time of potential economic uncertainty, securing that investment can present challenges. Yet the ability of finance to proactively provide constructive advice, as demonstrated by several of the contributors from their personal experiences, is strongly linked to the economic survival of the organisation overall. A journey which

FIGURE ES1: Drivers for change affecting the finance function

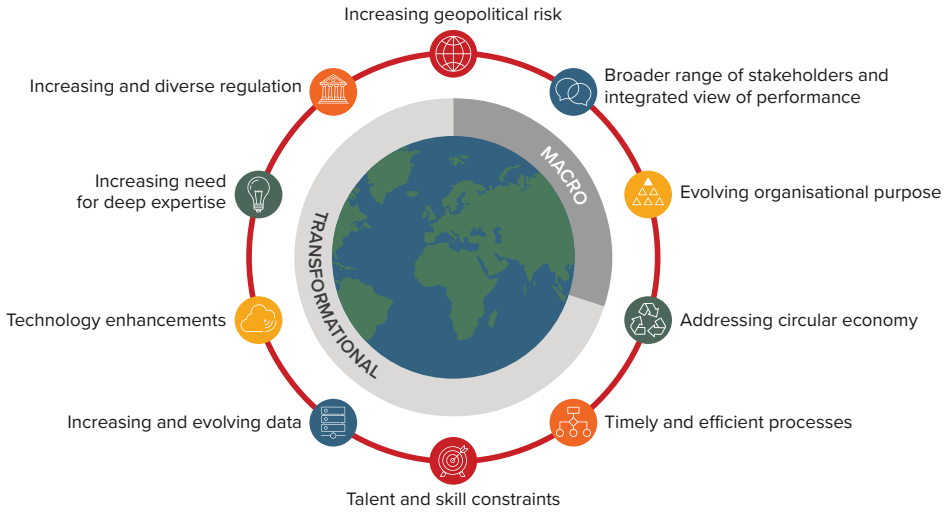
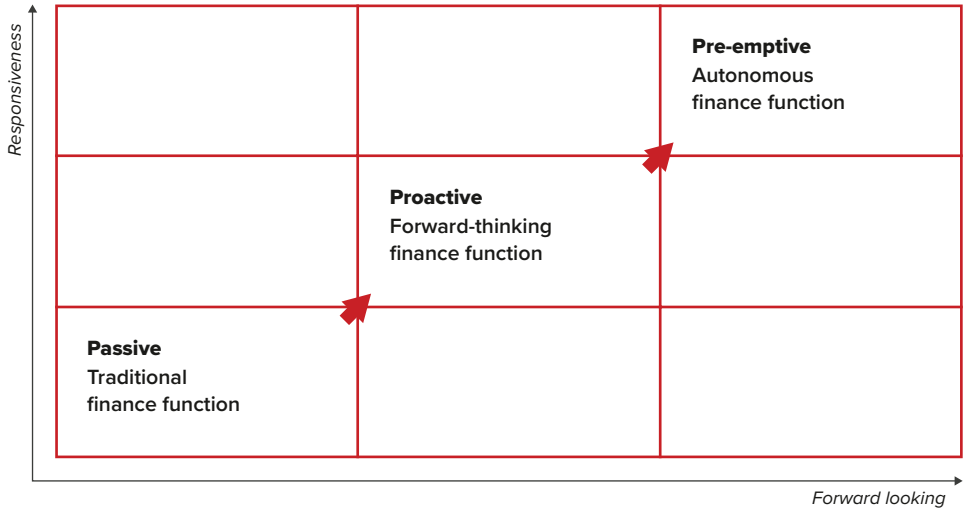


FIGURE ES2: Progression towards an autonomous and pre-emptive finance function



1 Such as ACCA / PwC 2020 and ACCA / CA ANZ / PwC 2022.

embraces the transition to a more circular and regenerative model (see section 2.2.4). A journey in which the finance function should be a key player, if not a leader. A journey which may well require a realignment of capital. A failure to secure the necessary investment in the drivers of transformation (see section 4.2) will cause the function to be marginalised, losing relevance and importance.

The pre-emptively active, autonomous finance function has several distinct domains which it needs to use to attain this goal. The autonomous function can only be achieved if the organisation has available robust data that is appropriately governed and has integrity. This is a fundamental foundational step towards the goal of the function and can only be achieved through significant investment in both people and technology. Section 4.4 provides a suggested value case for investment in the function.

Impact on the finance function

The finance function has several opportunities for increasing its relevance as it develops towards 2030. These can be summarised as shown in Figure ES3 and are explored in Chapter 4.

In being flexible and adaptable, the function needs to consider what it needs to be known for and what it delivers. Essentially creating its own brand within the organisation. At its core, it remains the steward of the financial assets and performance, but 'performance' itself has now to be both multi-capital in nature and measured by the creation of value and not just short-term financial return. The role of the function can be split into several domains (Figure ES4) which, together with the opportunities highlighted above, are explored in Chapter 3. The approach to creating an action plan to assist in developing these domains and opportunities is considered in Chapter 4.

The opportunity for the function to remain at the centre of the organisation is clear; yet a failure to grasp the opportunity by using the data and technological advances available to it to the utmost could well leave it marginalised.

A CFO based in the UK commented, *'for me it's more about, not the fact that what we are doing is changing...* [but about] *how we do it. Increasingly you see that the regulators, the public, and anybody who is looking in at what an organisation is doing, is looking for someone to give* [them] *some reassurance'.*

FIGURE ES3: Opportunities for the finance function

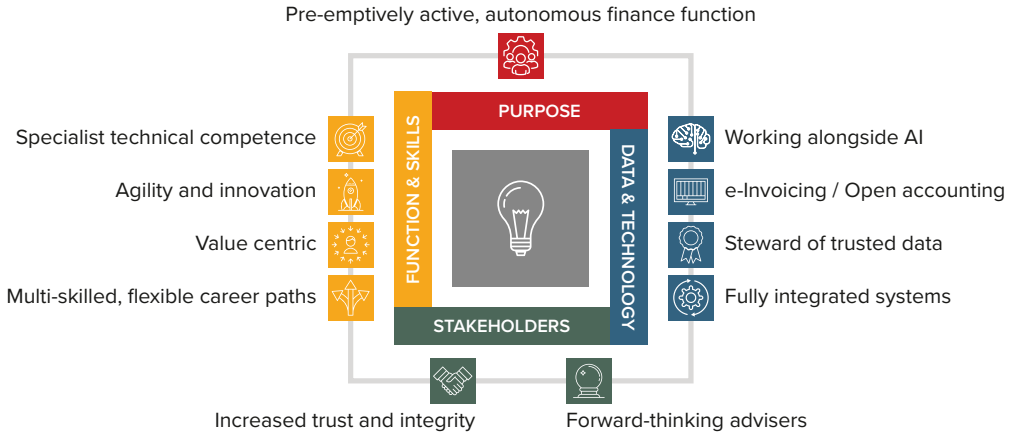
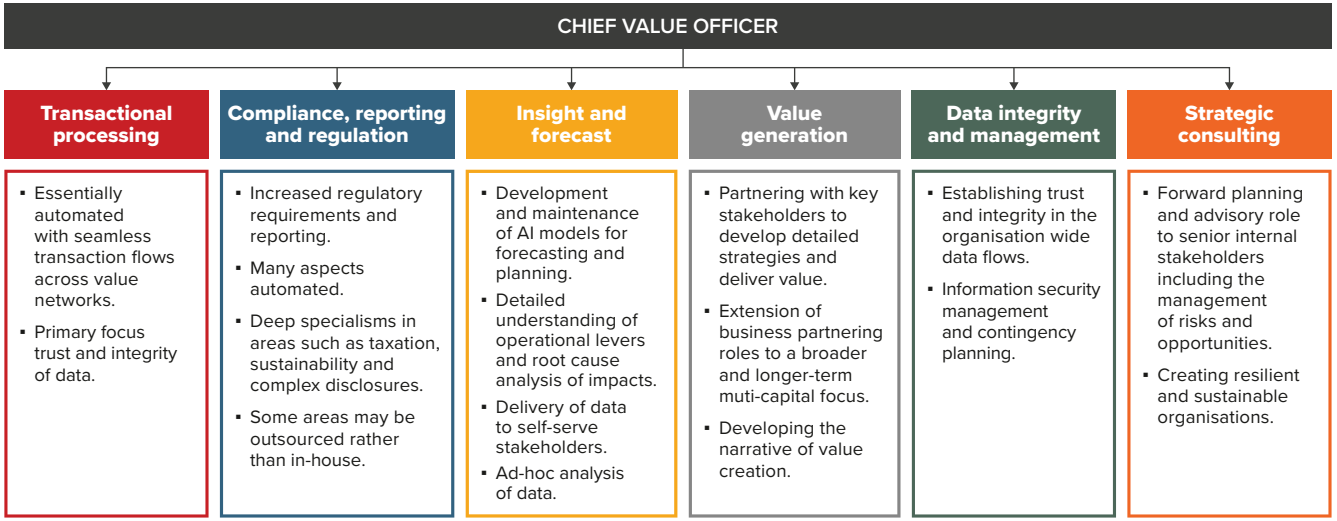


FIGURE ES4: The domains of the finance function



PREFACE: **OPPORTUNITIES FOR ACCELERATING REINVENTION**

Simon Seymour, Partner, PwC

From technology to climate change, the impact of today's relentless disruption and the resulting impetus for business model reinvention (as discussed in PwC 2024c) are intensifying. *PwC's 27th Annual CEO Survey* (PwC 2024b) underlines how much is at stake as the pressure to transform builds: 45% of CEOs now believe their company won't be economically viable in ten years if it stays on its current path.

> **45%** OF GLOBAL CEOs BELIEVE THEIR COMPANY WON'T BE VIABLE IN TEN YEARS IF IT STAYS ON ITS CURRENT PATH.

It's clear that the changing business imperative is creating a parallel challenge for finance to reinvent itself, a path that leading organisations are already following. For Chief Finance Officers (CFOs) and finance leaders more widely, the stakes, urgency of change and risks of falling behind are more apparent than ever.

Navigating through disruption

Finance is increasingly being looked to for leadership in navigating through disruption, guiding the tough decisions and ensuring that the business stays in business, with the potential to thrive. This means being more present – not receding into a support role – being better at understanding the changing levers of value, listening better to what the data is saying and being better at guiding the financial decisions which underpin performance. Now, more than ever, finance is having to deal with this demand of 'more with less' and that is driving a need to accelerate this process of finance reinvention.

> MORE THAN **50%** OF CEOs HAVE RECENTLY COMPLETED OR ARE RUNNING A FINANCE TRANSFORMATION PROGRAMME AND A FURTHER **23%** ARE PLANNING ONE.

Chief value officer

So what's the way forward? At the heart of this shift is the emergence of the CFO as chief value officer – the orchestrator of value creation and preservation – and a shift in the breadth of the role towards broader outcomes. Ultimately, the goal is to deliver sustainable value to stakeholders over time – shareholders, customers, employees and wider society – and at a time when there is a greater conflict between priorities, greater demand for investment and a greater need to deal with rising costs of capital, increased speed of innovation and threats from new competition. That includes continuing to build a role as strategic partner, providing the insights and critical thinking to the business. It also means a need for a more proactive stance on scanning the range of potential scenarios, dealing with more data and building in faster feedback loops to allow adaptive decision making. This is framed in this paper as a shift from a passive and backward looking function, to a more proactive and predictive one – ultimately giving rise to the concept of autonomous finance.

And although this means a much broader, more dynamic horizon for finance, it actually starts from getting the foundations right: and that means having the right processes and controls, the enabling technologies, trustworthy and usable data and – critically – a more adaptive, agile workforce with the right skills and capabilities.

Clearing a path to progress

When survey respondents were asked about the biggest skills gaps they face, they once again highlighted digital skills, data skills and sustainability skills as their top three. A critical question for the industry as a whole, is therefore why these skills gaps remain so pronounced and how far organisations should own this skills agenda, not just rely on traditional training. Increasingly we see this concept of 'leading with change' as a key differentiator for organisations. This means building a movement for change from the ground up – identifying and activating the people with the right mindset, creating meaningful learning experiences which build skills, and maintaining

momentum for change over the longer term – not just as a one off initiative. It will increasingly also mean looking beyond the traditional limits of finance to identify different sources for talent.

In taking this shift, a critical consideration for finance leadership will be the maintenance of trust. Trust starts with delivering on the value promise of the function, and it can easily be eroded with poor or conflicting data, poor insight, or a lack of trust in the people who deliver the advice. The importance of trust is nothing new, but with fast changing developments in AI, access to increasingly disparate sources of data – both internal and external to the organisation – and an increasing capability of technology to enable people across the organisation to generate their own analysis, the role of finance in maintaining and assuring the 'golden source' of data couldn't be more critical.

Five ways to get fit for the future

So how can your finance function accelerate reinvention? Here are five potential leadership positions which finance can take:

1. **Leading with value** – Be clear on the changing dynamics and value drivers in the industry and how these are weighted. There is an opportunity to challenge legacy business models and assumptions and lay a path for modernisation in an affordable and managed way.
2. **Leading with performance** – Trustworthy and high quality information will become more critical than ever, but an abundance of poor and conflicting information will just limit visibility of what matters most. Finance can take a leadership position on identifying who owns critical decisions, the information they need and how this powers the business. Be clear on what sources you will trust, what metrics matter and use more advanced analytics capabilities to enable a more proactive stance with early interventions. Support this by being more present in the business at the moments that matter, listening and evolving quickly and investing business partner's time where it has the most impact.
3. **Leading with data** – Poor data will erode trust and create conflict. Not all data has equivalent value and there is a need to define and protect the golden data sources which underpin trust most. Sustainability is just one example; expect business leaders, Tax authorities, governments and society all to demand more. Finance can take a lead position, ensuring there is governance, control and accountability in maintaining data quality, moving to more continuous policy compliance and anomaly detection to 'nudge' the business to a right-first-time approach.
4. **Leading with change** – Leadership is key, but change can't be entirely top-down. Organisations and people share the accountability for skills development in a way which elevates the organisation as a whole. Identifying the right people, and engaging your teams with meaningful experiences to build a momentum that lasts is key. This is as much about mindset. Be prepared to look for talent beyond traditional channels and across generations.
5. **Leading with process (enabled with the right technologies)** – Good process remains the key to effective and efficient operation of finance on a day to day basis, and is an essential determinant in the creation of good quality data. Technologies both enable – and hinder – great process and data creation and it is critical to take an enterprise wide, business lens on technology to ensure it supports how the business works, not just creates a new source of technical debt. We will see the pace of technological innovation only increase (GenAI, Cloud and analytics) and this needs a strong business process foundation to build on.

I would like to thank all the survey respondents and report authors for their time and insights. It's encouraging that the move towards reinvention is gathering pace. I'm also confident that by learning the lessons from the leading organisations, finance can embrace a transformative new vision for the future and foster the skills, technology and sense of purpose needed to deliver.

Simon Seymour,
Partner, PwC UK

Developing the opportunities

The following table summarises the key messages from the report and references them to the discussion in the following chapters.

TABLE ES1: Developing the opportunities

OPPORTUNITY	DISCUSSED IN SECTION(S)	
The function needs to focus on the delivery of long-term value creation as well as short-term profit maximisation		
Delivering long-term value creation will be fundamental and requires forward-looking strategic thinking.	→	2.2.2
The short-term focus on iterative business decision making cannot act as constraint on achieving longer-term value.	→	2.2.2
Value creation arises from a combination of people, profit and planetary dimensions.	→	2.2.2
Performance management needs to be aggregated across multiple dimensions and value-creation frameworks.	→	2.2.2
Sustainable organisations focus on the creation and maintenance of 'good jobs' and maximising their role in society.	→	2.2.3
The successful finance function manages the implications of the changes required in operating models and embraces models such as circular and regenerative ones.	→	2.2.4
Relevant regulatory regimes will continue to expand as geopolitical risks and opportunities increasingly dominate.	→	2.3.6
The finance function has a key role as a change agent in an agile world.	→	3.1.4 & 4.3.6
Planning and forecasting activities are AI-driven continuous processes.	→	4.2.3
The role of the finance function is to create trust in predictive information and pre-emptive decision making within the ecosystem where their organisation and respective stakeholders operate, in a changing world where trust is at a premium		
Investor decisions are no longer just financially based but also embrace other objectives, such as sustainability and social progress. Trusted information is needed to facilitate this.	→	2.2.1
Trust continues to be an increasingly rare commodity in a geopolitically challenging business environment.	→	2.2.2 & 3.1.1
Rapid decision making requires trusted data, including that derived from AI-driven models, and creating trust in forecasts.	→	3.1.1 & 4.3.3
Data integrity is an essential prerequisite for the function.	→	3.1.4
The maintenance of an ethical approach is essential in creating and maintaining trust.	→	3.2.1
The 'branding' of finance continues to evolve.	→	4.2.1
Trusted data integration and exchange, both within organisations and between those in value networks, is essential.	→	4.2.3
Data capture and processing is predominately automated and connected across value networks, with finance professionals ensuring trust and integrity across the network.	→	4.2.3

OPPORTUNITY	DISCUSSED IN SECTION(S)	
Internal control is an increasingly continuous activity and essential to delivering trust in information.	→	4.2.2
AI is a value-adding tool which is embraced and used with human oversight.	→	4.3.3
Delivering strategic advice based upon sound data is essential.	→	4.3.6
A successful function embraces new, agile, skill sets, career paths and capabilities to ensure that it fulfils the broader role required of it by its stakeholders and continuously reinvents itself while maintaining its fundamental values and regulatory functions		
Value skill sets need to cascade from the leaders and C-suite throughout the function.	→	3.2.2
There is a need to be agile and constantly reinvent the function.	→	4.1.2
Traditional career paths no longer apply.	→	4.2.1
Entry-level roles are increasingly automated so new entrance pathways, focusing on judgement and acumen, need to be developed.	→	4.2.1
A new vision and image is needed for the finance function to attract new entrants into the profession.	→	4.2.1
Complementary skills, such as engineering, data and sustainability / functional design are core components of the finance function of the future.	→	4.2.1
Not all organisations can embrace all requirements; as a result, finance-as-a-service will provide deep technical skills at scale when required.	→	4.3.2

Recommended actions

The following table summarises the recommended actions highlighted in the report and references them to the sections in the report where they are discussed.

TABLE ES2: Recommended actions discussed in the report

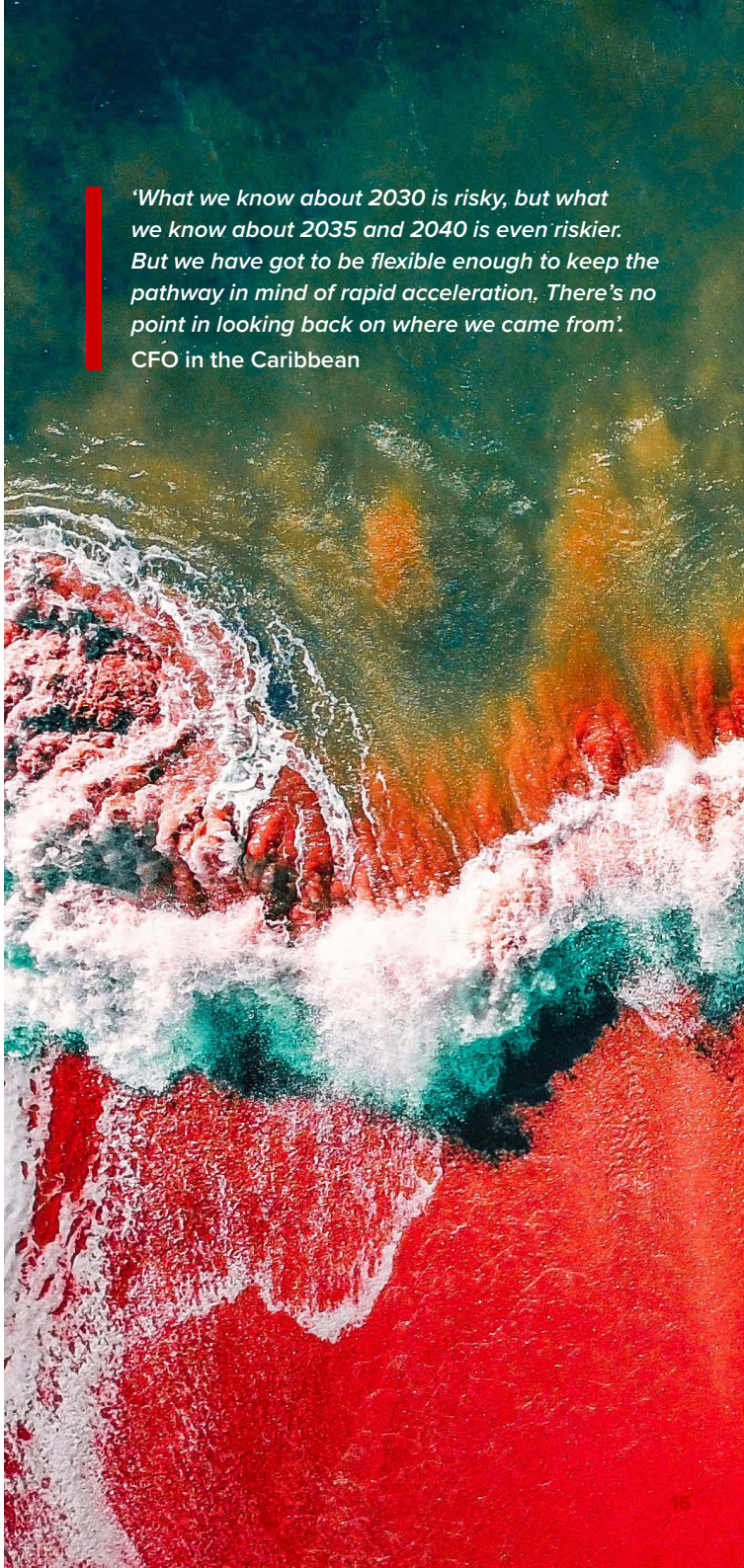
	RECOMMENDED ACTIONS	DISCUSSED IN SECTION(S)	
STRATEGIC	Using the drivers for change model (Figure 2.1 and the commentary in the following sections), benchmark the organisation and the finance function in relation to the impact and likelihood of emergence of each of the drivers.	→	2.1
	Identify any additional drivers that might affect your finance function and conduct an impact and likelihood assessment.	→	2.1
	Map the impact of each of these drivers against the strategy for the finance function.	→	2.1
DRIVERS FOR CHANGE	Establish a process for monitoring and evaluating the impact of geopolitical risks as part of the enterprise risk management process and link this to the finance function strategy.	→	2.2.1
	Conduct a stakeholder analysis and map the results to the organisations' value drivers to determine future reporting and engagement requirements.	→	2.2.2
	Consider the roadmap towards the development of a circular or regenerative business model and how this may change the operating model and performance metrics.	→	2.2.4
	Consider how new roles within finance, such as a sustainability controller (see Appendix 1, Table A1) can assist in realigning the operating model and providing a pre-emptive link between finance and sustainability teams.	→	2.2.4
	Continue to embed process optimisation in the heart of the finance function, with a focus on data timeliness and quality.	→	2.3.1
	Consider a future talent roadmap for the function, covering the projected future skill sets needed in the context of predicted workforce changes.	→	2.3.2
	Appreciate that having robust data management strategies in place is essential for a pre-emptive, autonomous finance function.	→	2.3.3
	Ensure that the organisation is investing in data-management strategies and include these within the finance function as appropriate.	→	2.3.3
	Develop strategies that support the open transmission of data between relevant entities.	→	2.3.3
	Undertake exercises to understand potential data obsolescence as well as identifying new sources of data relevant to the function and the organisation.	→	2.3.3
	Closely monitor technological developments and their applicability and constantly reappraise the technology and data strategy for finance as part of the organisation's overall strategy.	→	2.3.4
	Monitor the regulatory environment and consider how the drivers in this area move the goals and change the data requirements of the function.	→	2.3.6

	RECOMMENDED ACTIONS	DISCUSSED IN SECTION(S)	
VISION	Ensure that the strategic goals of the organisation are value orientated and that the performance measures that are attached to them are both qualitative and quantitative.	→	3.1.2
	Develop a roadmap for the function which embraces a strategy towards a pre-emptive and autonomous function.	→	3.1.3
	Map the strategic roadmap of your finance function to the domains suggested and identify any gaps in capabilities and / or skill sets.	→	3.1.4
	Identify any gaps in domains and consider how these may be addressed, through either internal or external (eg 'as-a-service') resources.	→	3.1.4
	Develop transformation plans to move each domain towards the strategic goal and ensure that the necessary investment plans are in place.	→	3.1.5
OPERATIONAL	Establish and promote a clear vision of the purpose of the function that is founded on trust in the integrity of information and alignment of its analysis of the organisation's strategic objectives.	→	4.1.2
	Ensure that the vision has leadership approval and is embedded in an organisation-wide culture of collaboration and innovation.	→	4.1.2
	Establish performance indicators aligned to the vision for the function and demonstrate its value-adding and autonomous role.	→	4.1.2
	Implement a continuous learning programme and embed a continuous learning culture to support skill development across the function with a focus on identifying future skill requirements.	→	4.1.2
	Use the vision for the value-adding function to reassess how to enhance the function's attractiveness to talent.	→	4.2.1
	Identify the core capabilities that the finance function wishes to be known by and map these to the organisation's strategic value drivers.	→	4.2.1
	Consider the balance between roles that are no longer required to the previous extent against new roles that need to be developed.	→	4.2.1
	Embrace the need to add new roles into the finance function to support the broader objectives identified in the function's domains.	→	4.2.1
	Define career paths to bring development of strategic and business acumen skills forward in the career pathway.	→	4.2.1
	Continually assess and improve processes to remove barriers to the timely collection and presentation of trusted and valuable information.	→	4.2.2
	Assess process models for opportunities to integrate and optimise removing periodic cycles which no longer add value or are obsolete.	→	4.2.2
	Understand the totality of the process models across the organisation, including both financial and non-financial data.	→	4.2.2
	Optimise internal control activities to use more continuous monitoring techniques.	→	4.2.2
	Develop a data-management strategy that ensures the integrity of the data across the organisation.	→	4.2.3
	Ensure that there are sufficient skills within the function to be able to analyse, interpret and correct the outputs of automated models.	→	4.2.3
	Optimise internal control activities to use more continuous monitoring techniques.	→	4.2.3
	Undertake an impact assessment of the technology requirements for each domain and develop appropriate strategies.	→	4.2.4

1. The world in 2030

In looking forward towards 2030, and perhaps beyond, the only certainty is that no prediction can ever be wholly accurate. It is possible, however, to extrapolate the current trends as an indication of the future direction of travel. Figure 1.1, and the discussion below provide an overview of the significant trends that may well change the business environment in the coming years.

The world in which we live is evolving from the unipolar (dominance of one country) world which existed in the latter half of the 20th century into one that is increasingly multi-polar (larger powers can negotiate 'mega-regional' agreements more easily than smaller ones) or indeed a technopolar[2] world where major technology companies hold sway over standards, operations, interactions, security and economics in the virtual realm. It is possible that the **shifting alliances** between the global powers and those groups that choose to align with them will lead to uncertain economic times. Trade, especially in technology, will continue to be a tool that countries use to develop their own interests and economic advantage. The world of 2030 may well see economic power distributed between the US, European Union, China, and an emerging India: the last two representing the broader BRICS nations (Brazil, Russia, India,



'What we know about 2030 is risky, but what we know about 2035 and 2040 is even riskier. But we have got to be flexible enough to keep the pathway in mind of rapid acceleration. There's no point in looking back on where we came from'.
CFO in the Caribbean

FIGURE 1.1: Significant trends shaping the world in 2030

Shifting alliances
Early 21st century economic order challenged with emergence of multi-polar world. Increasing dominance of global technology companies.

Constrained finances
Government financial positions further constrained by low growth and moderate interest rates. Need to spend on defence and transition issues.

Evolving supply chains
Intensifying focus upon shortening supply chains and bringing more production onshore to increase resilience encourage domestic growth.

Hierarchies and leadership
Organisational hierarchies and leadership models challenged by the need for immediate responses and innovation. Ability to adapt in the face of short-term crises.

Demographic challenges
Changing demographics challenge labour pools. New entrants to the workplace have different expectations to those who now exit. Increasing economic migration.

Customer intervention
Customers increasingly active participants in economic cycles. Activism and class actions increase as power and influence are exerted.

Redeveloped operating models
Operating models need to change from consumption based to circular and regenerative to maximise the effective use of the planet's resources.

Accelerating technological advancement
Technological innovations continue to develop at a pace. Economic gains could be modest, however. Global technological deficits increase.

Climate and transition
Intensified climate impact causing locations and organisations to need to adapt at an accelerated rate. Social inequality accelerates as a significant issue.

Economic injustice
Perceived increase in inequality within and between countries creates trust issues in governments. Businesses play a trusted role in society.

2 The term 'technopolar is defined in Bremmer 2023.

China and South Africa, and now sometimes regarded as including Iran, Egypt, Saudi Arabia and Ethiopia). Each of these has its own potentially conflicting spheres of influence, partially arising from the need to secure precious raw materials and economic progression. Trade may well fall as a percentage of global GDP.

In the so-called technopolar world, global technology companies increasingly have influence beyond the traditional country boundaries, controlling technology and data sets outside traditional legal frameworks. Whether governments choose to take action to place boundaries on these technological innovations will determine, to an extent, the dominance that these companies have, and the regulatory environment in which organisations operate.

The pandemic and cost-of-living crisis have hit government **finances**, which will continue to be potentially constrained by low growth amid a failure to increase productivity materially. The challenges faced by governments in managing their debt burdens are unlikely to be alleviated by significant reductions in interest rates, which, combined with the need to spend on defence and sustainability, will mean that the fiscal headroom for many governments will be very limited. Many developed economies face ageing populations where an increasing proportion are no longer fully economically active yet have demands on government services and healthcare.[3] Working patterns for those entering the workforce are typically not as productive as for those leaving.

Organisations will need to adapt to new ways of working and new **supply chain** arrangements, as countries seek to defend their economic bases, while allowing organisations to take advantage of technological developments to automate and modularise production and the provision of services. Trade and industrial policies may well continue to seek to reshore or 'friendshore'[4] production capabilities as a new form of globalisation develops.

Traditional forms of **hierarchy** are being challenged, both within organisations and more broadly in society. More collaborative and network-based structures, in which the majority believe they are empowered, are becoming the norm. For organisations, adaptation will be key. Innovation comes from combining ideas from a range of perspectives. Failing to address this will see traditional organisations struggle both to keep up with the pace of change and to attract and retain staff, especially as the pool of labour in many countries will continue to decline as populations reduce.

Consumers are increasingly moving from passive recipients to enabled stakeholders, concerned about whether organisations align to their personal values, treat their data with respect and can be trusted to deliver products or services ethically. Their willingness to act collectively changes the balance of power in organisations and, given an increase in activism and class actions on critical issues, the consumer voice cannot be ignored. The availability of data to consumers also enables them to appraise the ethical stance, for example around net-zero goals, and to act in concert to ensure progress. At an individual level the consumer also has power in the decisions that they make on goods and services which they purchase.

TRADE AND INDUSTRIAL POLICIES MAY WELL CONTINUE TO SEEK TO RESHORE OR 'FRIENDSHORE' PRODUCTION CAPABILITIES AS A NEW FORM OF GLOBALISATION DEVELOPS.

3 While the United Nations (UN) estimates that the world's population is expected to increase by nearly 2bn persons in the next 30 years, from the current 8bn in 2022 to 9.7bn in 2050 and could peak at nearly 10.4bn in the mid-2080s, there are major regional differences. More than half of global population growth between now and 2050 is expected to occur in Africa while the populations of 61 countries or other areas in the world are expected to decrease by 2050, of which 26 may see a reduction of at least 10% (UN n.d.)

4 'Friendshoring' is a growing trade practice where supply chain networks are concentrated on countries regarded as political and economic allies.

Organisations' **operating models** will become more challenged as the world faces the reality of constraints on raw materials. Competitive advantage will come from customer service, not from process efficiency: quality over quantity; ethics over cost. Regenerative operating models will become ever more important as organisations seek to address both shortages of critical minerals and consumer pressures to reuse.

Technological advances will continue at an ever-increasing pace. Organisations will gain easy access to ML, computer vision and natural language processing (NLP). By 2030, AI will be fully integrated into the operating model of most organisations. Coupled with an increase in the speed of connectivity and advances in computing power, such as 'quantum' and 'edge' computing, the opportunities to apply such power for technological advantage will be significant. These advances will be accessed by organisations at relatively a low cost base compared to the cost of employing individuals with similar expertise. Demand for these highly skilled individuals drops as they are replaced by technological subscriptions.

Against this backdrop, the need to address the **climate emergency** will hit businesses as stark realities continue to emerge and food and water become increasingly threatened resources. The Intergovernmental Panel on Climate Change (IPCC) stated in 2023 that *'Global* [greenhouse gas] *emissions in 2030 implied by nationally determined contributions announced by October 2021 make it likely that warming will exceed 1.5°C during the 21st century and make it harder to limit warming below 2°C. There are gaps between projected emissions from implemented policies and those from* [nationally determined contributions] *and finance flows fall short of the levels needed to meet climate goals across all sectors and regions'* (IPCC 2023) As climate events intensify, so supply chains will become more vulnerable. Transition plans are an essential part of meeting every organisation's strategic goals. Investment remains a fault line as the cost of addressing the crisis remains, at least partially, on businesses with relatively high costs of capital. The adoption of sustainability technology will be a significant factor for many organisations.

The risk of technological divides between those that can embrace the opportunities of AI and those that are not able to might create further gaps between the 'haves' and 'have nots', especially in the global south. Technology will continue to intensify its impact on work roles and everyday lives. Agreement on what constitute facts and truth will continue to be disrupted, in turn disrupting the social order and increasing **economic injustice**.

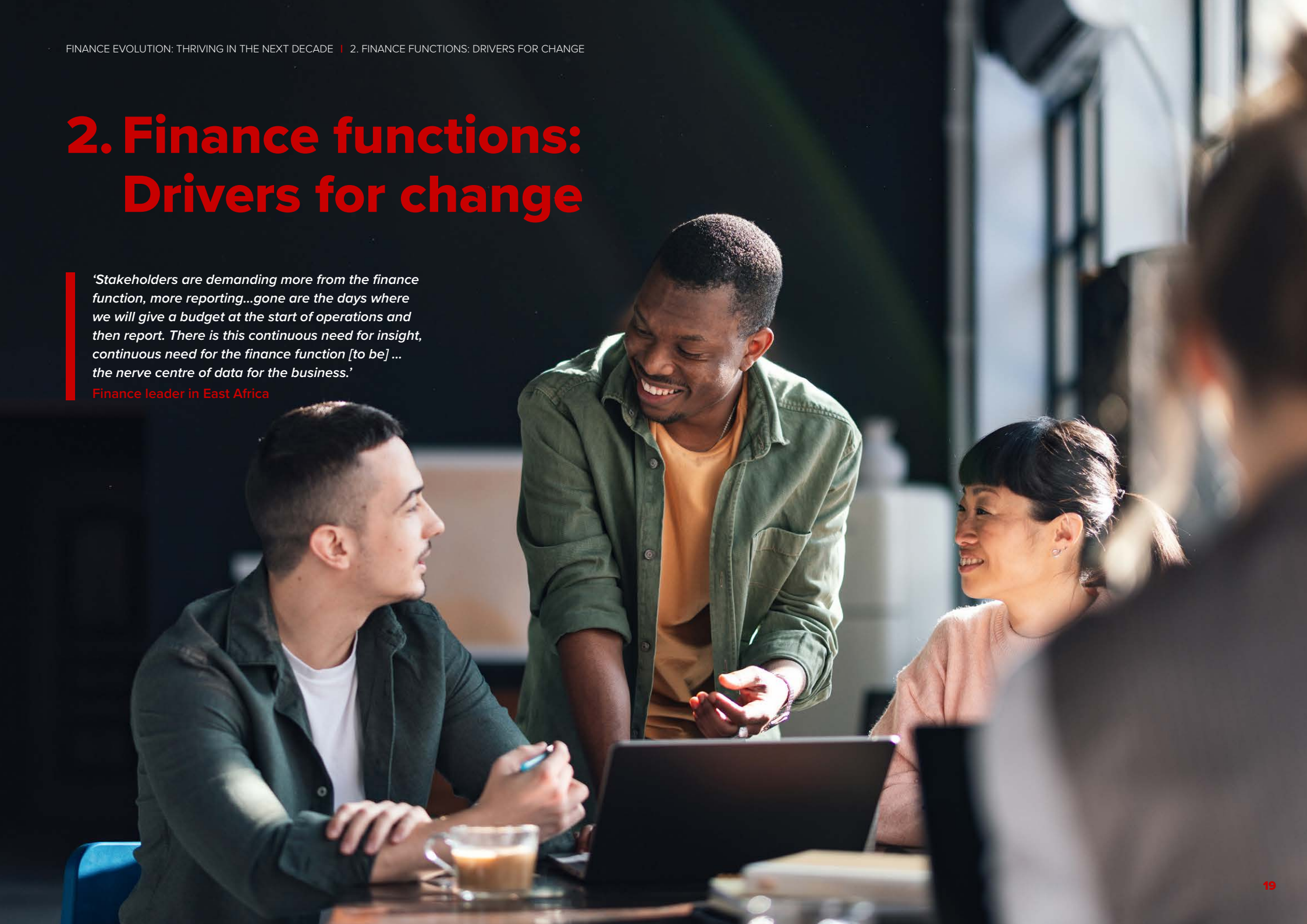
All this leads to an increased potential for societal unrest. The lack of good jobs, the perception of increasing inequality, both within and between countries, will lead to an uncertain business environment. According to a study in 2017, *'Human happiness revolves around essentially six ingredients, according to the United Nations: GDP per capita, healthy years of life expectancy, social support (as measured by having someone to count on in times of trouble), trust (as measured by a perceived absence of corruption in government and business), perceived freedom to make life decisions, and generosity (as measured by recent donations)'* (Helliwell et al. 2017). Business leaders are increasingly more trusted than governments.[5] This creates a responsibility to fulfil that trust. The conversation about what constitutes a fair and equitable society will be increasingly to the fore as stakeholder activism, in many forms, continues to grow.

5 The annual Edleman Trust Barometer (www.edleman.com) provides an assessment of the importance of trust in society. In its findings for 2024 (Edleman 2024) it highlighted that business was more trusted than governments, non-governmental organisations or the media to integrate innovations into society, for example.

2. Finance functions: Drivers for change

'Stakeholders are demanding more from the finance function, more reporting...gone are the days where we will give a budget at the start of operations and then report. There is this continuous need for insight, continuous need for the finance function [to be] ... the nerve centre of data for the business.'

Finance leader in East Africa



2.1 An overview of the drivers

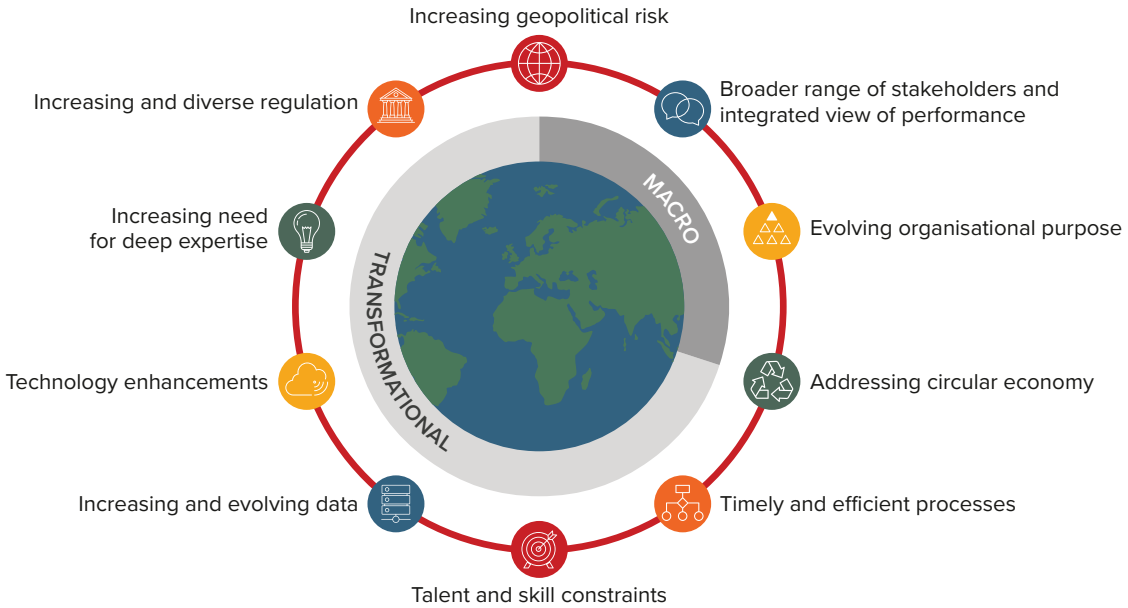
In developing a proposition for the future of the finance function in 2030 and beyond, we must consider the various drivers for change that will alter the purpose, role and operations of the function. As shown in Figure 2.1 and discussed in sections 2.2 and 2.3 these drivers can be split into two broad categories:

- macro level drivers that affect all organisations and the wider economy at the same time, and
- transformational drivers whose impact is more likely to be felt at the organisational level and that will vary according to the nature of each driver and that of the specific entity concerned.

> *'The drivers themselves are not different [from those encountered before], but the details within each of [these drivers] is significantly different'.*
>
> **Finance leader in the UK**

- Using the drivers for change model (Figure 2.1 and the commentary in the following sections), benchmark the organisation and the finance function in relation to the impact and likelihood of emergence of each of the drivers.
- Identify any additional drivers that might affect your finance function and conduct an impact and likelihood assessment.
- Map the impact of each of these drivers against the strategy for the finance function.

FIGURE 2.1: Drivers for change



2.2 Macro-level drivers

2.2.1 Increasing geopolitical risk

Writing in an article for Economics Observatory in 2024, Ahmed Kaya stated that *'geopolitical risks posed by elections, polarisation and conflicts within and between states have inevitable knock-on effects on the economy, both globally and for individual countries. [In 2024] more than ever, managing these risks and shoring up institutions that promote stability are essential'* (Kaya 2024).

The realities of the challenges that the developing geopolitical situation presented, and that continued to develop during the period in which the roundtables for this research were conducted, were not lost on the roundtable participants. The need for any finance leader to be more attuned to geopolitical developments was stressed by several.

A CFO from southern Africa commented that *'I have seen finance having to understand far better in the current geopolitical environment, the economic spaces, the de-dollarisation of the world, and whether the focus should be on India and China's aspiration'.* A roundtable participant in Australia viewed the geopolitical risks as part of that discussion and noted that, *'we have got exponentially increasing risks.* [And] *no risks are in isolation anymore. They intertwine.... If we are not complying with sanctions law, do we need to be provisioning for some of the fines and things like that?* [Finance really needs to have an] *interconnectedness with the other functions as we have got [an] evolving landscape* [that] *is becoming increasingly digital ... in an interconnected world. Understanding beneficial ownership and things like that is a significant business risk'.*

Geopolitics is having both direct and indirect impacts on organisations through financial, trade and commodity price changes. The fluctuations in many raw material costs seen in 2023 have continued into 2024, with disruptions to global supply chains resurfacing. A study by Góes and Bekkers for the World Trade Organisation indicates that a

rise in geopolitical tensions can cause the global economy to experience higher inflation, lower growth and significant welfare losses (Góes and Bekkers 2022). This research considers the impact of potential deglobalisation across a range of regions and concludes that *'the projected welfare losses for the global economy of a decoupling scenario can be drastic, as large as 12% in some regions and are largest in the lower income regions as they would benefit less from technology spillovers from richer areas'.*

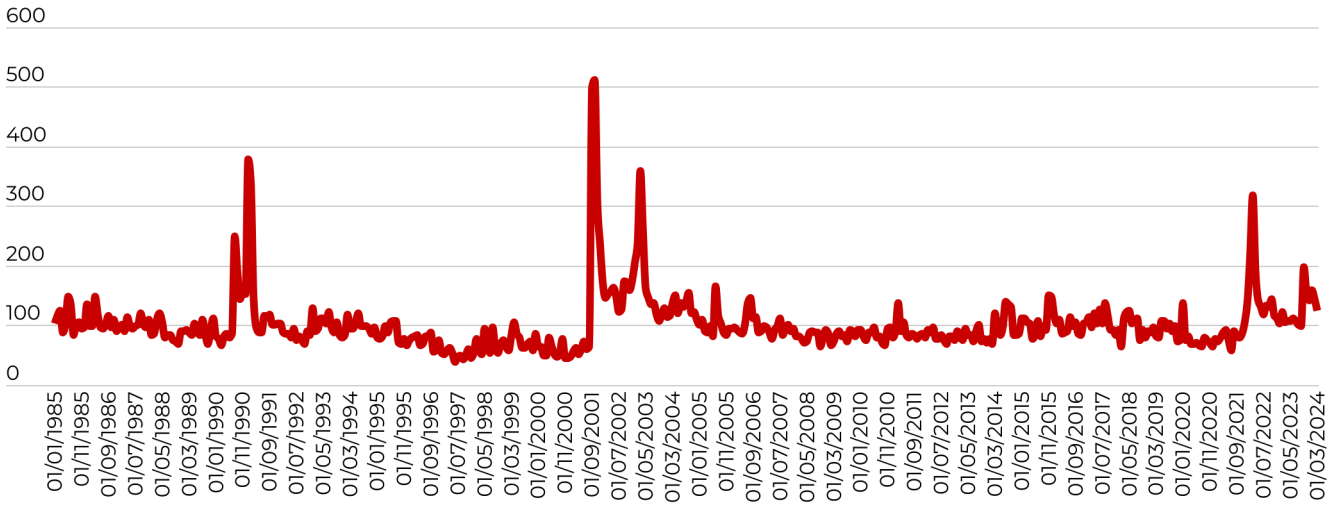
While the geopolitical risks at any given time cannot be assumed to enable prediction of the future level of uncertainty, the risks and their direct financial impacts cannot be ignored. To illustrate the fluctuations in geopolitical risks from 1 January 1985 to 1 March 2024, Caldara and Iacoviello publish a global geopolitical risk index; their figures up to 1 July 2023 are summarised in Figure 2.2 (Caldara and Iacoviello 2024).

Certainly, indices such as this will continue to vary as the levels of risk shift. Elections during 2024, when the greatest proportion of the world's population in history will cast their votes, will set the tone of governments for the coming years, which might imply more populist and potentially protectionist policies, as governments seek to manage domestic issues that are influenced by several of the other drivers of change highlighted here.

The potential for geopolitical instability to increase as competition for raw materials, including water resources, and climate change, will force the operating models of organisations to change as they seek to adapt and build in resilience.

- Establish a process for monitoring and evaluating the impact of geopolitical risks as part of the enterprise risk management process and link this to the finance function strategy.

FIGURE 2.2: Caldara and Iacoviello Geopolitical Risk Index



Data downloaded from https://www.matteoiacoviello.com/gpr.htm on 27 April 2024.

2.2.2 Broader range of stakeholders and a broader view of performance

More stakeholders

The range of stakeholders, both internal and external, with whom the finance function needs to engage no longer consists simply of those interested in financial performance. Rather, an organisation's performance is increasingly assessed as an integration of operational and financial factors into a value- and purpose-driven strategy.[6] This engages a broader range of stakeholders, each of whom seeks to question the validity of the strategic objectives, the resulting performance measures, and the consequent actions. Organisations are increasingly having to become moral entities with a social conscience. 'Performance' is increasingly seen as a balance between meeting short-term goals and achieving long-term sustainability. Providing trusted and pre-emptive insights in this complex world presents a challenge.

A CFO from Nigeria noted that, *'I'm beginning to see that business' balanced scorecard is now becoming wider and we are now beginning to see things that we cannot even measure in numbers, for example, things like diversity and inclusion,...ESG* [Environmental, Social and Governance], *climate change, human health and physiological issues and mental degradation. All these are things that might not exactly be easy to get into numbers or get into the financial statements, but these are all the other things that affect the business and affect the business operations. So, it is for the finance team now to begin to imbibe the culture of integrated reporting and begin to look for how to measure and what to measure, and present information [relevant] to the needs of the society'.*

A CFO from mainland China added a word of caution. *'I still see that [the finance] function is quite important in this area [for] actually balancing all the stakeholder interests, because [in the future] the stakeholders will be fighting against each other'.*

6 The need to consider a broader definition of performance in the context of planning and forecasting is considered in ACCA / CA ANZ / PwC 2022.

The regulatory focus on this broader view of performance will not diminish, and reporting, risk management and compliance-based activities across the organisation will continue to fall to finance teams. The breadth of stakeholders with expectations in the reporting and assurance domain will increase. By implication, the need for trusted and pre-emptive information will increase.

Performance management will be a just-as-needed activity and the concept of periodicity in its measurement will become increasingly irrelevant as trust and integrity focus on data on which is continuously available.

Trust in reported information

For this range of stakeholders, trust in the measurement of performance will be a significant issue. With easy 'faking' or 'impersonating' of individuals and organisations using generative AI, reliable verification of announcements to capital markets and other stakeholders will be a significant issue. Threat actors will have increased capabilities to disseminate incorrect information to suit geopolitical or other agendas. How the accountancy and finance profession addresses the trust issues when reporting performance will be a significant factor in the profession's future role in capital markets.

Finance leaders will need to communicate with an increasing range of stakeholders across multiple dimensions of value. Regulators will seek to define value (focusing on people, profit and purpose) to provide transparency to address stakeholder demands.

The focus upon value, not solely profit

As organisations increasingly focus upon value, there is a dichotomy for CFOs. The generation of value is essentially a medium-term to longer-term concept while for many public companies the focus is on shorter-term disclosure requirements and shareholder returns. This is an issue that CFOs will need to address, as in many instances it is a challenge to appraise and evaluate investments simply on a financial payback or return basis, especially where there are sustainability or circular economy objectives. This is the challenge of setting organisational purpose.

A CFO in the US commented, *'it very much depends on where the company is in the growth cycle. Stable traditional companies are very much on the lower end because … they are more accountable to shareholders for providing dividends in terms of profit. So… they look at things very much more traditionally… "how can we monetise this or how can we …turn this into profit?" I think younger organisations, organisations who are growing fast, very much focus on top line and service because that's* [what] *differentiates them from other companies. So, for example, the company I am with now, we are private investor backed. We are raising some money through venture capitalists at the moment and it is very much* [the case that] *profitability is not necessarily the biggest concern for them.'*

Impact on planning cycles

Achieving a longer-term vision can be challenging, but it is necessary to support the challenges that organisations face. The traditional financial planning and analysis (FP&A) and forecasting cycle will continue to serve a purpose, although increasingly supported by more complex forecasting tools that incorporate ML capabilities. This needs to be complemented with a longer-term strategic forecasting and planning capability to drive the creation of value and holistic performance management. This is at the heart of the transition to a pre-emptive, autonomous finance function and take advantage of opportunities. The demand from stakeholders for rolling forecasts and constantly refreshed scenario models will inevitably move FP&A away from fixed cycles into a more dynamic mode.

- Conduct a stakeholder analysis and map the results to the organisations' value drivers to determine future reporting and engagement requirements.

2.2.3 Evolving organisational purpose

Of all the drivers for change discussed in the roundtable sessions, the redefinition of corporate purpose towards the maxim of 'people, profit and planet' was the least discussed among the participants. Whether this can be interpreted as a general acceptance that there is a shift away from a pure profit focus is debatable. It could equally be deduced that it was perhaps the least significant of all the drivers that were put forward for discussion.

Sustainability is concerned not only with the progression to environmental goals but also with achieving them in a just and equitable manner, in such a way that no one is left behind. As regulatory regimes such as the European Union's Corporate Sustainability Reporting Directive (commonly known as CSRD) and its Corporate Sustainability Due Diligence Directive (commonly known as CS3D or CSDDD) place an intensifying focus not only on the activities of the organisation itself but also on those with whom it is connected in its supply networks, so the importance of social inclusion increasingly forms part of the purview of the finance function. The socio-economic development of society, which is to the benefit of all customers, is dependent upon the provision of good jobs – jobs that provide not only financial reward, but also emotional and intellectual progression.

The overall implication is that, realistically, organisations now need to think more broadly than simply about a financial objective, and instead about one that is more transformative of their operating models.

2.2.4 Addressing a circular economy

The goal of the sustainable organisation

Creating sustainable organisations will remain the goal. Whether or not the Paris Agreement goal of limiting emissions to a level consistent with an increase in average global temperature of 1.5C is achieved by 2030 is, to a certain extent, irrelevant as the commitment to controlling emissions will remain. There is no end point in the sustainability journey in 2030. Emission targets (carbon

dioxide, methane, and the like) will continue to be focal points for operating model transformation. Affordability will remain an issue. A CFO in southern Africa commented that sustainability was key for all organisations because the dynamics of global changes would result in their failure if they failed to position themselves appropriately.

As PwC noted in the UK summary of the 27th annual CEO (chief executive officer) survey, *'the need not only [to] create change, but [also] to deliver fundamental reinvention of their business model is highlighted by the one in five UK CEOs (21%) who say their organisation will not be economically viable within 10 years on its current path'*[7] (PwC 2024a). Change is about to happen. As PwC's 'Strategy&' note *'avoiding irreversible damage from climate change will require nothing less than reconfiguring the industrial system, spurring fundamental changes in everything from how we feed ourselves, move around, build things, make things, and power things, to how we care for ourselves'* (Duffy et al 2024).

As the interconnectivity between organisations across value networks increases, so the degree of sustainability of the organisation as a whole depends on not only its own activities, but also the activities of those with whom it is integrally connected. We are already starting to see businesses recording and reporting their scope 3 emissions and expect this reporting to be more commonplace by 2030.

The concept of sustainability embraces not only environmental goals but also social and economic ones. Pressure on organisations to act ethically across their supply chains will continue to grow from consumers and regulators. Finance teams will find that they need to interact across areas such as human resources, which have traditionally been seen as the domains of other professions. Increasing collaboration is key.[8]

Accounting for the use of the planet's finite resources will be important. The realisation that not all resources are plentiful and that there are opportunity costs in using them will become a focus. Accounting for use of resources such as carbon and their impact will increasingly feature as the scope of 'accounting' continues to transform and expand.

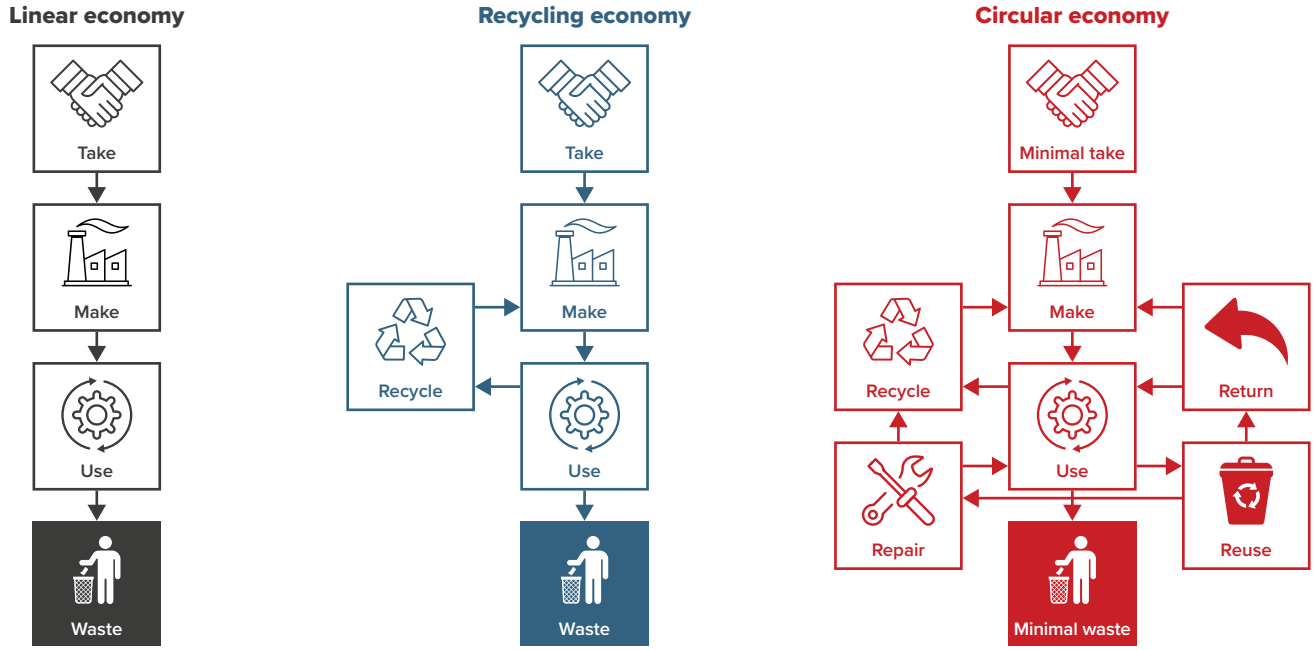
Increasingly constrained raw materials and the need for reuse

Here, the circular economy is relevant: the reuse and repurposing of resources. The Circle Economy Foundation in its Circularity Gap Report 2024 suggested that 'in just the past six years alone we have consumed over half a trillion tonnes of materials – nearly as much as the entirety of the 20th century' (Fraser et al. 2024). The adoption of the circular model by 2030 is no longer optional.

Any transformation of operating models towards a more circular economy (Figure 2.3) will change supply networks. The aim of traditional supply networks was to achieve stability and minimise costs. Future supply networks will need to be much more dynamic – and will require the ability to predict, prepare and respond to rapidly evolving demands and a continually changing product and channel mix. Cost will not be the primary factor when purchasing raw materials.

Future supply chains will be shorter, with a move away from global production as organisations take a more strategic view of what should be produced nearer to the consumer. This will reduce or increase GDP growth in certain countries as a rebalancing occurs.

FIGURE 2.3: Evolution to a circular economy



7 In the global survey, 45% of respondents said that their organisation would not be economically viable in 10 years if it remained on its current path (PwC 2024b).

8 The role of the finance function in transition planning is considered in ACCA / IFAC / PwC 2023.

Using data and predictive analytics is key to the transformation of supply chains. Industry 4.0 provides more data to help manage supply chains. Larger entities require more visibility, not only of production itself but of the processes of production (effects on human capital and human rights, for example). This transparency is not just at the upper levels of the value chain but requires investment in systems and processes throughout the chain. Creating an 'open' supply chain has its risks, and data confidentiality and protection are always important.

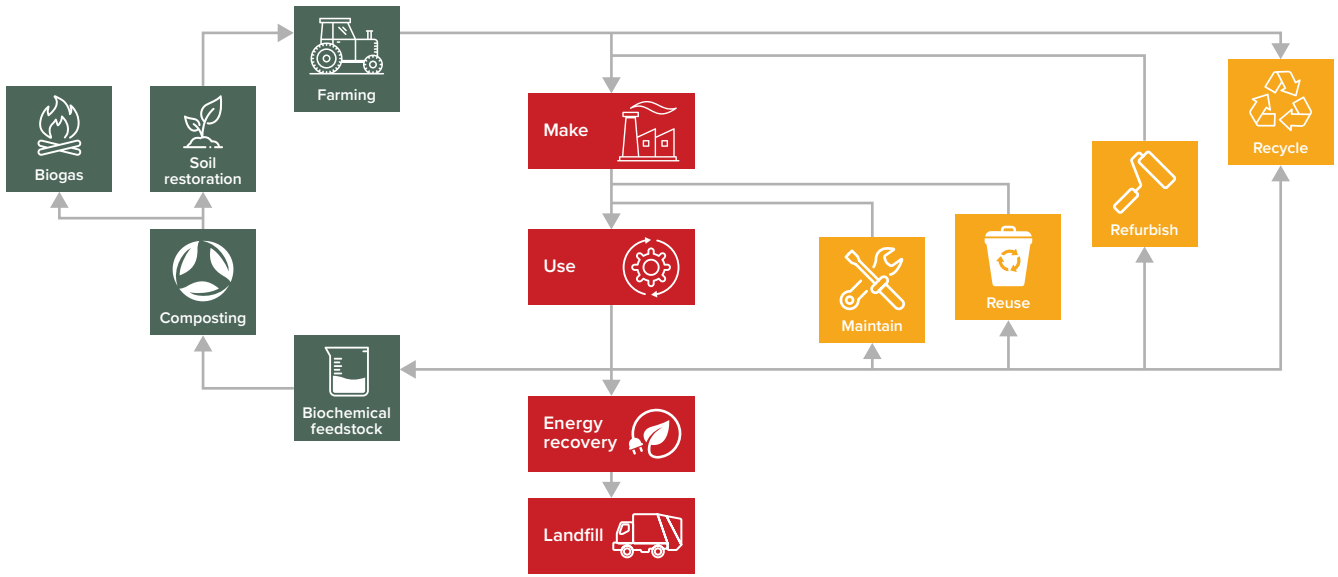
This level of transparency creates opportunities in organisational planning on which finance teams need to capitalise.

Regenerative operating models (Figure 2.4) will focus increasingly on reuse of resources and, in turn, on how supply chains can be shortened. AI will play a role in material use and optimisation, implying more flexible planning cycles as organisations adapt to the impacts of climate change on resources and the need to reuse rather than procure.

A pre-emptive, autonomous finance function must embrace the dynamics of the transformed economic models. Accounting for a circular and regenerative business model is integrated into the broader view of performance.

- Consider the roadmap towards the development of a circular or regenerative business model and how this may change the operating model and performance metrics.
- Consider how new roles within finance, such as a sustainability controller (see Appendix 1, Table A1) can assist in realigning the operating model and providing a pre-emptive link between finance and sustainability teams.

FIGURE 2.4: Regenerative business model



2.3 Transformational drivers

2.3.1 Timely and efficient processes

Many roundtable participants said it was essential to develop and implement efficient and agile processes. The operating model of 2030 and beyond must be built upon the ability to react quickly to evolving market conditions. Among the roundtable participants this was argued to be especially true, given concerns about increasing geopolitical risks.

To optimise processes we must recognise that the boundary of accounting transactions lies beyond the traditional finance function. One roundtable participant explained that in their organisation, data captured from IoT (Internet of Things) devices that recorded an activity, such as a maintenance requirement in an engine, then cascaded seamlessly into the procurement and accounting systems. Such a level of integration reflected the predictive nature of the operating model, which focused upon maximising machine availability, and reduced human intervention in the processes.

As decision-making horizons become, of necessity, increasingly closer as the dynamics of the business environment become more complex and fluid, so the core processes, and the internal control environment that supports them, need to capture data in an ever-timelier manner. Yesterday is history, yesterday's information will be quickly forgotten, and tomorrow is the focus.

Technology and integrated application architectures are no longer just 'nice to have' but are now a necessity to provide the required accuracy and timeliness of data.

- Continue to embed process optimisation in the heart of the finance function, with a focus on data timeliness and quality.

2.3.2 Talent and skill constraints

The impact of talent and skills shortages as a driver for change was perhaps the area that most dominated the roundtable discussions and caused the greatest concern for the future.

As has been highlighted in section 1.1, there are many significant demographic issues that are already starting to face organisations. These vary from declining workforces in some economies to growing youth populations in others.

Even now, the skill requirements of the finance function were considered to be broadening beyond the traditional base. Several participants cited examples of recruiting engineers into the function to support data analysis and predictive activities. A CFO in southern Africa commented that, *'we have seen engineers come through ACCA* [qualification] *in South Africa. It has allowed opportunities for individuals that have studied different* [bachelor's] *degrees to go into the finance space, but deliberately so: because they think differently, their structure and their responses to business problems* [are] *different'.*

Intergenerational differences in attitudes to work were seen as significant in influencing the future nature of the function. The work–life balance expectations of those entering the workforce were different from those of people who entered the workforce in earlier years. The roundtable participants stressed that this was not a criticism, rather a reflection upon the need to transform working practices, such as using technology more effectively and balancing workloads over a period to minimise peaks, eliminating them where possible.

In several locations, the need to use technology more effectively to overcome a lack of entrants into roles within the function was considered to be an important driver. Yet technology was also considered by some to be a short-term fix which, while useful, could not resolve a longer-term issue of the attractiveness of roles within the finance function and the broader profession. Being clear on the purpose and value that the function delivered to the organisation, and hence to society in a broader context, was seen as essential. By 2030, redefining the purpose of the function to be attractive to new entrants was seen as non-negotiable. A failure to address this challenge would only exacerbate the skill and talent shortage.

- Consider a future talent roadmap for the function, covering the projected future skill sets needed in the context of predicted workforce changes.

2.3.3 Increasing and evolving data

Roundtable participants considered a continued expansion of the data created by organisations to be inevitable. The finance function has to be capable of using the available data to create forward-looking insights across a range of scenarios.

Data quality and the responsibility of the finance function in ensuring this was a significant discussion point. Ensuring trust in the information developed from the data sets was seen as fundamental by many participants. To achieve this, several argued that finance functions had to assume an organisation-wide data-quality role. Only robust and reliable data could make the opportunities available from the use of emerging technologies realisable.

Assuming a role in data governance is a fundamental building block of the finance function of the future. Organisations need robust, clean and trustworthy data. As the volume of data continues to expand, the propensity to 'lose control' of the data management in organisations is significant. Developing an effective data-management capability within finance requires investment in both skills and technologies. As the interconnectivity between organisations grows (for example, through the implementation of e-Invoicing, as discussed in section 4.2.3, see Figure 4.9) so the responsibility of organisations for establishing initial data accuracy grows. Verifying trust in these interconnected channels is essential and it is vital that accountancy and finance professionals can do this.

Data obsolescence is also a potential threat. Simply because data was collected for a purpose in the past does not mean that it is relevant for the future. Ceasing to collect data that is no longer relevant is as important as identifying new data requirements. This is not just due to the time and resource wasting aspect of gathering unrequired data, it may also be a regulatory risk in some jurisdictions when data is of a personal nature and may only be held for a purpose.

- Appreciate that having robust data-management strategies in place is essential for a pre-emptive, autonomous finance function.
- Ensure that the organisation is investing in data-management strategies and include these within the finance function as appropriate.
- Develop strategies that support the open transmission of data between relevant entities.
- Undertake exercises to understand potential data obsolescence as well as identifying new sources of data relevant to the function and the organisation.

2.3.4 Technology enhancements

At the roundtables, the greatest discussion focused on the opportunities afforded by technology to capitalise upon the expansion of data. That the trends in technology could, and would, be transformative was almost a given. The question was the extent to which the benefits could be derived from the adoption of tools such as AI and ML.

The impact of generative AI on organisations will depend on the nature of the industry concerned. Nonetheless, as Colin Light of PwC Strategy& noted, *'GenAI can automate and enhance aspects of almost all business operations – from customer services to software development and data analytics. But it isn't the tech solution to every problem, and the value potential varies significantly'* (Strategy& n.d.).

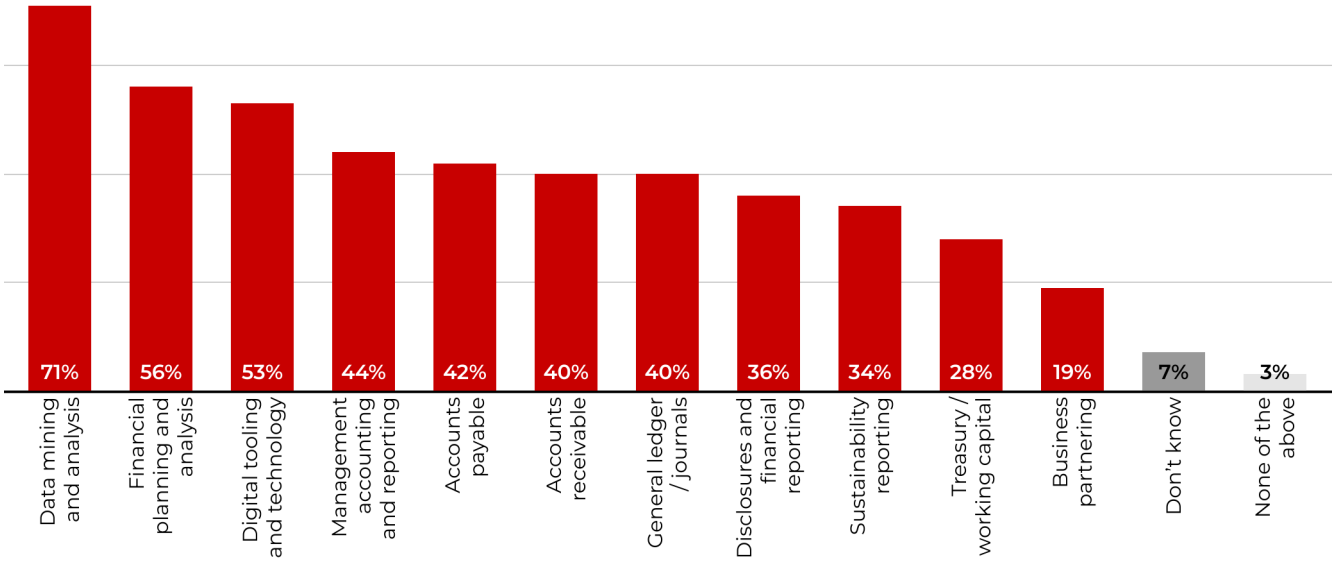
The survey respondents[9] were asked which of several finance function activities they considered could benefit from the use of AI in the next three to five years. The results are shown in Figure 2.5. Over 70% of the respondents focused upon its use in data mining and analytics, followed by over 50% selecting financial planning and analysis.

There is clearly potential for the use of AI but that potential is not new. Indeed, a PwC report published in 2017 forecast that by 2030 global GDP could be 14% higher as a result of the use of AI which was represented by a projected increase of US$15.7 trillion in that period (Rao and Verweij 2017). Adoption has been under way for a while and requires a detailed understanding of the potential and how use cases can be developed.

To focus solely upon AI and ML together with large language models and powered by Cloud computing as the only technological drivers of change would be shortsighted, however. Increases in connectivity and processing speed offer organisations significant opportunities[10] with the tools of the fourth industrial revolution providing opportunities to speed up the capture of data in an integrated manner throughout processes. No longer should the capture of finance-related data be solely the domain of the finance function – rather, it is an activity of the organisation as a whole; although the overall integrity should rest with the finance team, or in conjunction with another function.

- Closely monitor technological developments and their applicability and constantly reappraise the technology and data strategy for finance as part of the organisation's overall strategy.

FIGURE 2.5: In which of the following activities do you think that artificial intelligence (AI) could be a useful tool for the finance function in the next three to five years?



THE SURVEY RESPONDENTS WERE ASKED WHICH OF SEVERAL FINANCE FUNCTION ACTIVITIES THEY CONSIDERED COULD BENEFIT FROM THE USE OF AI IN THE NEXT THREE TO FIVE YEARS. OVER 70% OF THE RESPONDENTS FOCUSED UPON ITS USE IN DATA MINING AND ANALYTICS, FOLLOWED BY OVER 50% SELECTING FINANCIAL PLANNING AND ANALYSIS.

9 An analysis of the survey respondents is given in Appendix 2.

10 ACCA considers several technological drivers and their impact upon the accountancy and finance profession in ACCA 2023b.

GUARDIANS OF RESPONSIBLE AI: HOW CFOs CAN LEAD IN BUILDING TRUST

Trust is critical in unlocking the full potential of AI. As a CFO, you're ideally positioned to lead in building confidence in models and ensuring they're used ethically and responsibly.

> ARTIFICIAL INTELLIGENCE (AI) – GENERATIVE AI (GenAI) IN PARTICULAR – IS CREATING PALPABLE EXCITEMENT WITHIN BOARDROOMS AND BUSINESSES – BUT NOT WITHOUT UNCERTAINTY AND FEAR.

Failing guardrails

This troubling 'trust gap' is holding back the value creating potential of AI, not just through the threat of reputationally damaging incidents and errors, but also by undermining your business' confidence in the outputs.

Risk one: Overreliance

Incomplete, outdated or invalid inputs can heighten the risk of so-called AI hallucinations (false answers). It's therefore important to guard against overreliance on the outputs unless there is sufficient testing, governance and validation. Grounding the AI with context-specific data is also key.

Risk two: Bias

A third of UK CEOs are worried that GenAI will heighten the risk of bias towards specific customer or employee groups. GenAI learns from the data it is trained on, therefore, will inherit biases when not managed during the pre-processing phase of the AI lifecycle.

Risk three: Explainability

The 'black box' inner workings of AI can make it hard to explain the results. It's therefore important to test and understand how AI models arrive at their decisions to ensure accountability and maintain trust. A human-led validation by domain experts is also key in maintaining trust.

Risk four: Cybersecurity

GenAI introduces new threats ranging from the mistaken uploading of confidential information in response to prompts to deliberate 'jailbreaking' to get around AI guardrails.

Risk five: Copyright infringement

There's the risk that GenAI will use copyrighted images, text or graphs without authorisation – in a financial report, for example.

Risk six: Lost opportunity costs

All these risks come together in the potential for lost opportunity costs. In particular, boards may be reluctant to use AI-generated analysis in their decision-making or sign-off AI use cases because they don't have sufficient confidence in the outputs.

> NEARLY HALF OF THE UK BUSINESS LEADERS TAKING PART IN PWC'S 27th ANNUAL CEO SURVEY (**45%**) (PWC 2024b) BELIEVE THAT GENAI WILL BOOST THEIR REVENUES AND RETURNS. BUT **59%** ARE WORRIED THAT IT WILL INCREASE THE SPREAD OF MISINFORMATION IN THEIR BUSINESSES. NEARLY HALF (**47%**) ARE CONCERNED THAT GenAI WILL INCREASE THEIR SUSCEPTIBILITY TO LEGAL LIABILITIES AND REPUTATIONAL RISKS.

Intelligent risk-taking

As a CFO, your connections across the business, comfort with data and ability to provide critical challenges make you ideally suited to bridging this trust gap. In creating effective governance foundations and realising the AI potential within your function and the wider business, five key priorities stand out:

Identify openings

Identify use cases and consider the benefits (direct and indirect), from customer and employee experience through to hours saved. You can then continuously track the return on investment.

Set the standard

Establish policies and standards on safe AI use and deployment. You can then operationalise these across the business, taking account of evolving regulations and best practices.

Assign ownership

Define clear roles and responsibilities for AI oversight – including your board, technical teams, risk management and external AI providers.

Be proportionate

Governance requirements should be proportionate to business value and associated risk, considering your organisation's AI architecture, regulatory requirements and risk appetite.

Create organisation-wide understanding

Provide ongoing training, from executives to operational staff to increase awareness of how to maximise the value from AI, while managing the risks. This includes helping employees learn how to use AI responsibly, understand its limitations and apply human-led governance as part of a human-in-the-loop approach.

Clear path forward

This balance between awareness, responsibility, and value creation will help build confidence in AI and enable your business to move out in front.

Leigh Bates,
Partner, PwC UK

Trishia Ani,
Manager, PwC UK

2.3.5 The increasing need for deep expertise

Many of the areas in which the finance function operates are, by their nature, technical and require deep expertise. In considering this driver, the roundtable participants discussed areas such as specialist reporting, tax, treasury and aspects of commercial accounting. Several participants argued that these areas were increasingly complex and required ever-deeper expertise. One participant commented, *'I think that there is going to be a revolution in reporting. Quite a lot of new technical skills are going to be needed'.*

The future finance function is hungry for detailed and contextual insights delivered in a timely manner. As regulatory and tax regimes shift, so the complexity of the issues in an organisation's value network will become more complex. Having ready access to deep expertise will be essential.

The question now is whether a function can realistically support all the activities that might be expected of it in these circumstances. Therefore, this would impel some finance leaders to consider using outsourced service providers who provide niche services. This was especially true for small and medium-sized organisations faced with increasing regulatory requirements. The retained staff will need the skill to manage these relationships and provide governance over them, to ensure that the advice received is appropriate in the context. A mistake made all too often is to assume that any third party fully understands the organisation, its goals and values.

2.3.6 Increasing and diverse regulation

Roundtable participants acknowledged that an intensifying focus on regulation would change the finance function by 2030 and beyond. One roundtable member categorised it as a shift in balance between the operations of business and what governments increasingly wanted. As governments considered that they might have less direct power to influence events in a technopolar world, they would increasingly use regulation as a tool to gain some purchase on this. An interviewee working in private equity concurred by suggesting that as the volume of private equity investments had increased relative to traditional bank lending, so governments were increasingly seeking to regulate this area to obtain the information and oversight previously available from the transparency of the banking institutions. A finance leader based in the Republic of Ireland commented that the *'whole world of reporting is changing, and it will keep changing over the next few years'.*

A roundtable participant in Australia added an additional perspective on the regulatory considerations, commenting that *'the general public is calling for greater transparency and greater clarification on how organisations are operated and what their profit margins are and what their business model is'.* The participant cited an example of a hospitality sector organisation that was being questioned about the margins it was making at the expense of its farming suppliers. The participant linked this to the concept of the 'social licence to operate' as part of organisational value generation.[11]

Another roundtable participant commented, *'One of the changes...happening in India very clearly is [that] the regulatory environment is getting more and more stringent. So, the traditional [aspect] of accounting is also becoming very critical. And when I say accounting, it means regulations'.*

Several participants considered that the development of reporting on sustainability occurring in 2024 would be mirrored in other areas in coming years. A finance leader in East Africa reflected on the foreseeable expansion of regulation and reporting, noting that, *'there* [is] *always going to be a key driver for me and that that drills down into ESG. It could be ESG today but what I see coming up soon, and sooner than we think, is reporting on the difference between AI and human* [activity]*. Is it that governments are uncertain about the control, the future? So therefore one way to try and control it is to get organisations to report it and hence the concern about reporting AI and the balance* [between human and AI activity]*'.*

Finance teams need to be prepared to report with the same rigour in areas that might be seen in 2024 as tangential to their core purpose. The importance of trust in the information being reported, and its integrity, was seen as a reason why this was fundamental to the function.

The development of new reporting regulations was seen as a benefit rather than an imposition. It reinforced the role of the finance function in achieving the organisation's objectives.

- Monitor the regulatory environment and consider how the drivers in this area move the goals and change the data requirements of the function.

THE FUTURE FINANCE FUNCTION IS HUNGRY FOR DETAILED AND CONTEXTUAL INSIGHTS DELIVERED IN A TIMELY MANNER. AS REGULATORY AND TAX REGIMES SHIFT, SO THE COMPLEXITY OF THE ISSUES IN AN ORGANISATION'S VALUE NETWORK WILL BECOME MORE COMPLEX. HAVING READY ACCESS TO DEEP EXPERTISE WILL BE ESSENTIAL.

11 The concept of the social licence to operate and its relevance in the value and sustainability discussions is considered in ACCA 2023a.

NEXT-GEN FINANCE BUSINESS PARTNERING: REALISING THE TRANSFORMATIVE POTENTIAL OF AI

From automating routine activities to analysing vast and diverse datasets, artificial intelligence (AI) can help power the reinvention of finance business partnering. How can you make the most of the potential?

Effective business partnering is the key value driver of the modern finance function. To be credible and relevant, business partners should be leading rather than simply responding to change – challenging strategy, delivering predictive insights and co-steering future growth.

AI as the game-changer

Clearly, emphasising and uplifting the business partnering role is an imperative for finance teams. Up until now, however, this has been held back by the age-old distractions of poor data quality, ad hoc queries and manual reporting. Now, AI – including generative AI (GenAI) – can help clear away these constraints and open a gateway to the future.

On top of boosting productivity and freeing up time, AI can supercharge data extraction and analysis – generating insights in seconds that would previously have taken weeks. Continually learning and adapting, AI solutions can mirror your presentational styles and adopt your business terminology.

The benefits of this AI-augmented business partnering role are likely to come in three waves:

Incremental change

Doing things faster and better, using collaboration and generative tools:

- transcribing discussions, summarising takeaways and analysing stakeholder contributions
- synthesising research into core messages and actionable insights
- creating first drafts of management packs.

Strategic change

Doing things differently, to enrich insights and interactions:

- interacting with data through natural language and contextual searches
- augmenting insight with interactive data visualisations and dashboards
- identifying causal patterns and targeting prevention and intervention at source.

Transformational change

Doing new things, in search of untapped insights:

- combining disparate datasets – structured and unstructured, financial and non-financial – to generate fresh insights
- dynamically modelling performance scenarios as market conditions change
- dentifying the true drivers of profitability in products, customers and operating territories – and suggesting actions.

> **FINANCE LEADERS SEE DATA MINING AND ANALYSIS, FINANCIAL PLANNING AND ANALYSIS AND DIGITAL TOOLING AND TECHNOLOGY AS THE THREE KEY VALUE DRIVERS FROM AI OVER THE NEXT 3-5 YEARS.**

Unlocking the potential

But AI reinvention demands far more than systems alone. Organisations must build in four key areas:

Build skills and buy-in

Finance business partners are drawing on familiar skills in embracing AI – commercial understanding, curiosity and critical thinking, along with collaboration and influencing skills. Increasingly, data visualisation and business storytelling will hold the key to unlocking the value of new insights.

Build trust

With the AI potential comes the risk of hallucinations (false answers) and toxic outputs (including bias). That's why it's so important to build trust in the data and how it's used.

Finance business partners can play a crucial role in challenging data and driving accountability for quality. Part of this will be harnessing AI to help expose data quality issues, isolate root causes and explain their consequences. Business partners should also help create the right governance and guardrails, understand data limitations and promote the transparency needed to build confidence.

Build momentum

Work with partners and business teams to identify the right use cases, tools and data sources. By focusing on the insights and outcomes that can deliver 'early win' value for the business, you can build credibility and momentum for further applications of AI.

Build a bold and curious mindset

Start small and simple, experiment at pace and foster creativity and curiosity. A key part of this journey is learning what's feasible and where value can be found. Finally, celebrate successes, highlight positive impacts and share experiences.

Leading the AI charge

So, AI can help your finance team to pivot to the future. But the keys to realising this potential are people and trust, rather than just the technology, demanding a fresh outlook, evolved skills and new ways of working.

Ben Clarke,
Director, PwC UK

3. The finance function in 2030 and beyond

> *'We want to have an autonomous [accounting function] ... It is what is needed in the market right now because things shift very, very fast and if you are not able to keep up with that pace, any business can collapse within just a matter of a couple of days, a couple of weeks. Having that autonomous finance function is a key to its avoiding all of this'.*
>
> **CFO from Malaysia**

3.1 Purpose of the finance function

3.1.1 The importance of trust and the ethical lens

One of the most important elements of understanding the development of the pre-emptive, autonomous finance function in 2030 and beyond is to have a clear perspective on its purpose and vision. Chapter 2 highlighted the range of drivers and their respective impacts in shaping the function of the future.

The overarching purpose of the finance function must be to provide trusted information to its stakeholders, both internal and external to the organisation, such that forward-looking insights can be derived, and value-centric performance created. While this might not be a new requirement, in a world where trust is increasingly being questioned and is potentially difficult to keep and disseminating untrustworthy information becomes ever easier, so the role of the finance function in acting ethically in the reporting and insights that it provides is essential. A CFO in the UK commented that, '[the finance function] should double down on that trust aspect and be seen to be very trustworthy'.

It is all too easy to produce an ML model to develop a rolling forecast or several scenarios, for example, but interpreting that forecast or scenario requires human insight. It cannot be foreseen that a such a model will, by 2030, be able to look through an ethical or business-focused lens and therefore able to assess the veracity of its forecasts or scenarios. Yet, ensuring that the finance professional has a career path which supports the development at the speed required may represent one of the challenges for the function, both in large and small enterprises.

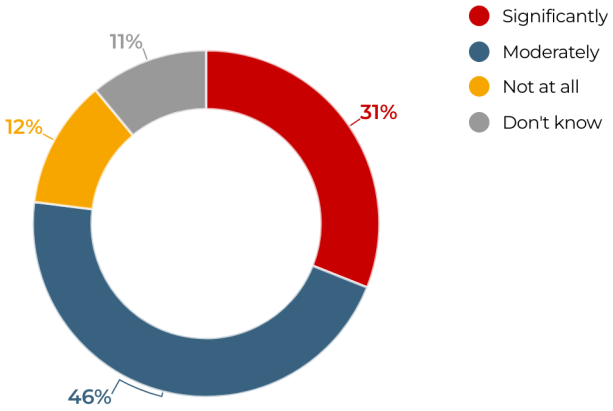
Deconstructing what the obligation to ensure trustworthiness may mean requires a multifaceted discussion, aspects of which are explored in the following sections.

3.1.2 The concept of value

Most importantly, to be trustworthy, information must extend beyond the purely financial into all aspects of the value model of the organisation. The intensified focus within organisations on serving 'people, profit and planet' as a unified objective means that the finance function needs to be able to measure a range of performance indicators that relate to the achievement of both financially and non-financially expressed goals. In 2020, ACCA and PwC considered the role of multi-capital reporting for the finance function in the report *Finance Insights – Reimagined* (ACCA / PwC 2020). The recommendations made in that report have continued relevance for the function of the future.

The survey respondents were asked the extent to which they incorporated the concept of value (or purpose) in developing the strategy of the finance function (Figure 3.1). Among them, 31% indicated that they significantly incorporated these concepts and a further 46% suggested that they moderately incorporated them. The inclusion of these concepts must be a strong initial step towards the development of a finance function fit for 2030.

FIGURE 3.1: To what extent does the concept of value- / purpose-focused accounting influence the strategy of the finance function?



- Ensure that the strategic goals of the organisation are value orientated and that the performance measures that are attached to them are both qualitative and quantitative.

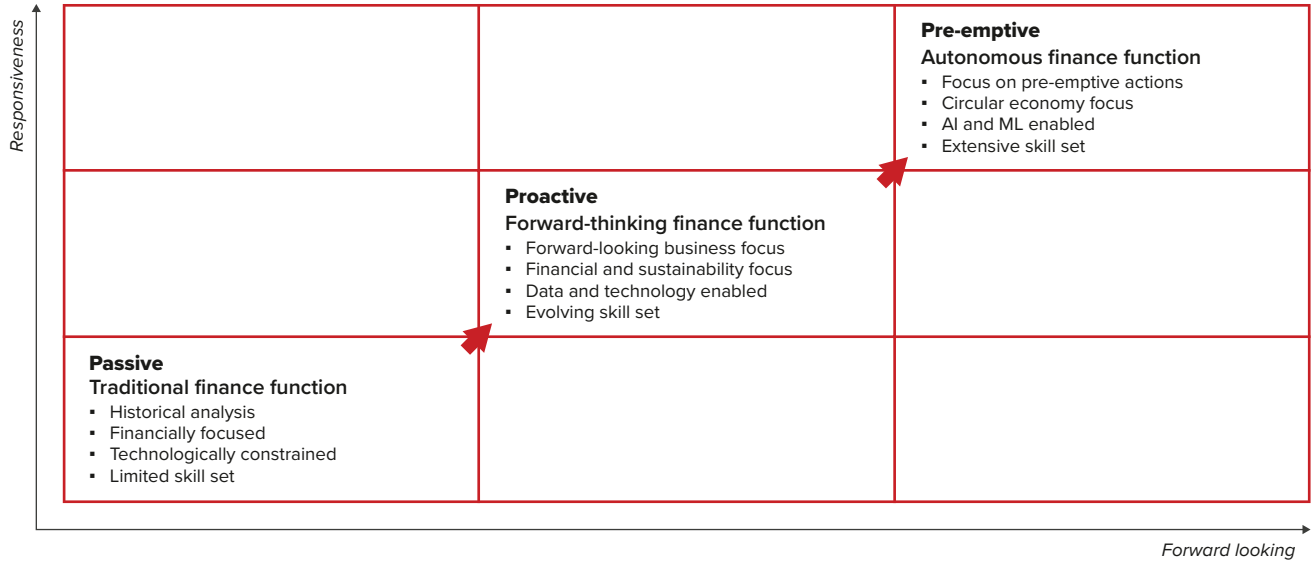
3.1.3 The pre-emptively active, autonomous finance function

The traditional function is seen as reactive and focused upon historical data. The function of 2030 needs to be autonomous. Being autonomous it is focusing on taking pre-emptive action against current opportunities or threats rather than on curing past errors. Healthcare services in many countries are looking to managing some of the burden of ageing populations by focusing efforts on preventative medicine, using AI to perform detailed diagnostics, and the finance function needs to adapt in a similar way. Finance must use analytics and forecasts to provide forward-looking insights that prevent issues arising, rather than addressing them after the fact. The transition can be summarised in a progression model which can be used to consider the current situation (Figure 3.2).

Being autonomous can mean two things, which are not mutually exclusive. Firstly, it can mean being free of burden and enabled. Secondly, it can imply that it is automated. It is the combination of these characteristics in the finance function that creates the pre-emptive capability.

A CFO explained that the concept of autonomous accounting is about, '[being] *a lot more* [on the] *front foot, a lot more forward thinking, a lot more data-driven* [and having] *a lot more insights coming through*'. For this CFO there is a fundamental choice: *'What is finance's vision? Is it going to be an autonomous function? Is it going to be an automated function? Is it going to be a manual function? Is it going to be a combination of all of those?'*.

FIGURE 3.2: Towards the autonomous finance function



A CFO from Malaysia commented that, *'the autonomous finance function is a dream for every CFO out there. It is just at the flick of my finger that I can get all the information'.*

The transition from 'passive response' to 'pre-emptive action' is complex and involves investment in skills and technology. Many functions are progressing towards the forward-thinking, or proactive, phase where the financial processes support the delivery of real-time (or near real-time) information that supports decision-making and performance management. This may also be termed 'continuous accounting'. The autonomous state, capable of pre-emptive action, is a step beyond that, and while not all functions can be on that pathway owing to constraints in data, technology and skills, it should be an aspirational goal to ensure that the function remains relevant in 2030 and beyond.

The progression towards an autonomous function may not be uniform across the function. Indeed, the aspiration has to be that the generation of insight and strategic intelligence lead the way, but it should always be remembered that the reality is that this can only be achieved with high quality, trusted, data.

- Develop a roadmap for the function which embraces a strategy towards a pre-emptive and autonomous function.

The development of such a role requires a change in focus and skill set.

3.1.4 Future domains of the finance function

How might we consider preparing the finance function for a pre-emptive, autonomous capability? One way may be through a series of domains. These represent capabilities of the function but, as discussed in section 3.3 below, they do not represent the organisational structure or reporting lines of the function.

The finance function of the future is value-centric by nature. The concept of 'value' is broader than pure financial performance and embraces interactions with many different stakeholders other than simply just those who provide capital to the organisation. It includes customers, employees and future employees, those in the value network and the communities in which the organisation operates. Reporting to this broader range of stakeholders (and with an expected expansion in regulation as considered in section 2.3.6) means that the CFO is increasingly a chief value officer, or CVO.

Figure 3.3 provides an overview of the domains foreseen as being core to the function in 2030 and they are discussed in Table 3.1. This model can be applied to the full range of finance functions, from large to small. What is important is that the team has access to relevant competencies that enable the achievement of this core objective. The planning necessary to ensure this achievement is considered in section 4.2.

- Map the strategic roadmap of your finance function to the domains suggested and identify any gaps in capabilities and / or skill sets.
- Identify any gaps in domains and consider how these may be addressed, through either internal or external (eg 'as-a-service') resources.

FIGURE 3.3: Domains of the future finance function

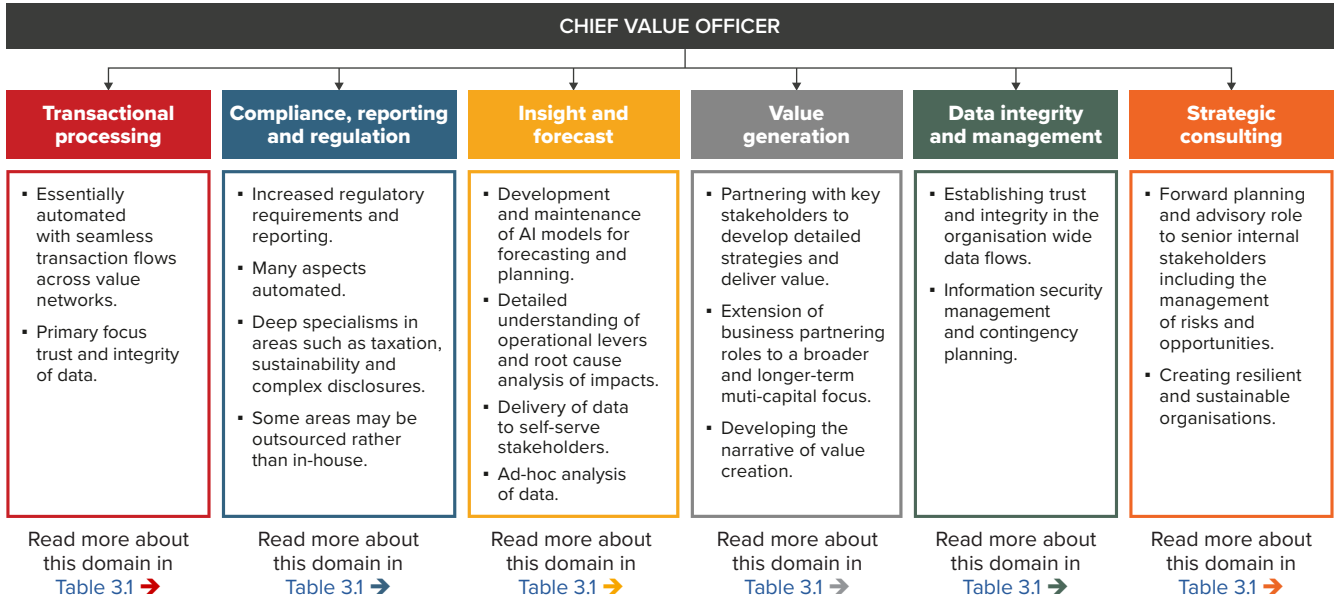


TABLE 3.1: Domains of the future finance function

DOMAIN	COMMENTARY
CHIEF VALUE OFFICER Return to Figure 3.3 ↑	The leader of the finance function must assume a more value-centric role. This may well imply that their span of control is broader than the traditional financial remit. It centres on the concept of value management, which embraces the stewardship of the multiple capitals and reporting to a broader range of stakeholders. In a world where trust is increasingly undermined, because the core information that underpins it is easier to manipulate, the chief value officer must stand for integrity and ethics in the minds of their multiple stakeholders. This is achieved through a series of interconnected domains, each of which is linked to a core proposition of financial and data integrity.
Transactional processing Return to Figure 3.3 ↑	Transaction processing depends on the capture of trusted data from multiple sources across the organisation. This is increasingly automated so ensuring the integrity of that data is the core focus of this domain.
Compliance, reporting and regulation Return to Figure 3.3 ↑	The development and reporting of trusted and ethically sound information to the broad range of stakeholders is essential. While automation will assist in this process, the analysis and interpretation require human judgement and skills. Indeed, as the complexity of regulation and requirements increases, so the specialisms in this domain will expand. Sustainability reporting, for example, is not a transitory activity – it is here to stay. Having the expertise to manage the compliance and reporting aspects within finance is essential.
Insight and forecast Return to Figure 3.3 ↑	There is no certainty about the future. The domain should present a series of perspectives and informed analyses to internal stakeholders on a timely basis such that it facilities prompt decision-making. This domain absorbs the traditional role of the management accountant in the function and develops more numerous data-driven analyses to give an integrated view of performance. A detailed understanding of operating levers facilitates rapid causal analysis and decision making. The focus on rapid decision making requires trusted data, including that developed from modelling. The team members working in this domain need to ensure that the data used and forecasts derived are trustworthy.
Value generation Return to Figure 3.3 ↑	The role of the finance team as proactive advisers is a key element of the autonomous finance function concept. They must be able to deliver forward-thinking insights that facilitate the achievement of the overall organisational objectives. To this end, the finance function needs to appraise the multi-capital objectives of the organisation and embrace the reality that the financial outcome of decisions that have to be made may not always appear to be optimal. This domain includes many of those functions that might be associated with financial planning and analysis – but are increasingly automated.
Data integrity and management Return to Figure 3.3 ↑	The effectiveness of the finance function, and indeed the whole organisation, relies upon the integrity of the data it uses. The concept of value is central to a multi-capital organisation and hence embraces activities such as the cleansing, integrity and management of data. It requires the management of information risks, and the importance of this increases as technological developments enhance the ease of action. Data integrity activities should embrace the assessment of algorithms and more complex models as well as some of the more traditional internal control activities that a finance function performs. In some organisations this may be seen as either a function of a chief data officer or a chief information officer. However, it is achieved, this domain must be incorporated in the organisational design – managing data integrity is a key domain for the finance function.
Strategic consulting Return to Figure 3.3 ↑	Organisations face ever more complex choices as they face the future. An uncertain environment creates both risks and opportunities. Finance teams are best placed to act as strategic consultants and risk managers by using data to develop medium- and longer-terms scenarios and strategies. Longer-term planning is an increasingly essential activity for the finance function. Finance teams are also key change agents across the organisation. As operating models evolve, especially when adapting to circular and regenerative operating models, finance teams have an essential role in embedding these changes in corporate practice and performance management.

3.1.5 Future effort expended

The survey respondents were asked to consider whether the effort expended by the finance function would increase or decrease in several areas over the next three to five years. The results are shown in Figure 3.4.

The respondents reported that effort would need to increase across all the areas selected in the survey. Perhaps a little surprisingly, the greatest increase in effort was seen in transaction efficency, which the roundtable participants considered would generally be increasingly automated in the coming years. For some organisations, the process of automation may require significant effort, and for growing ones the volume of transactions could increase considerably.

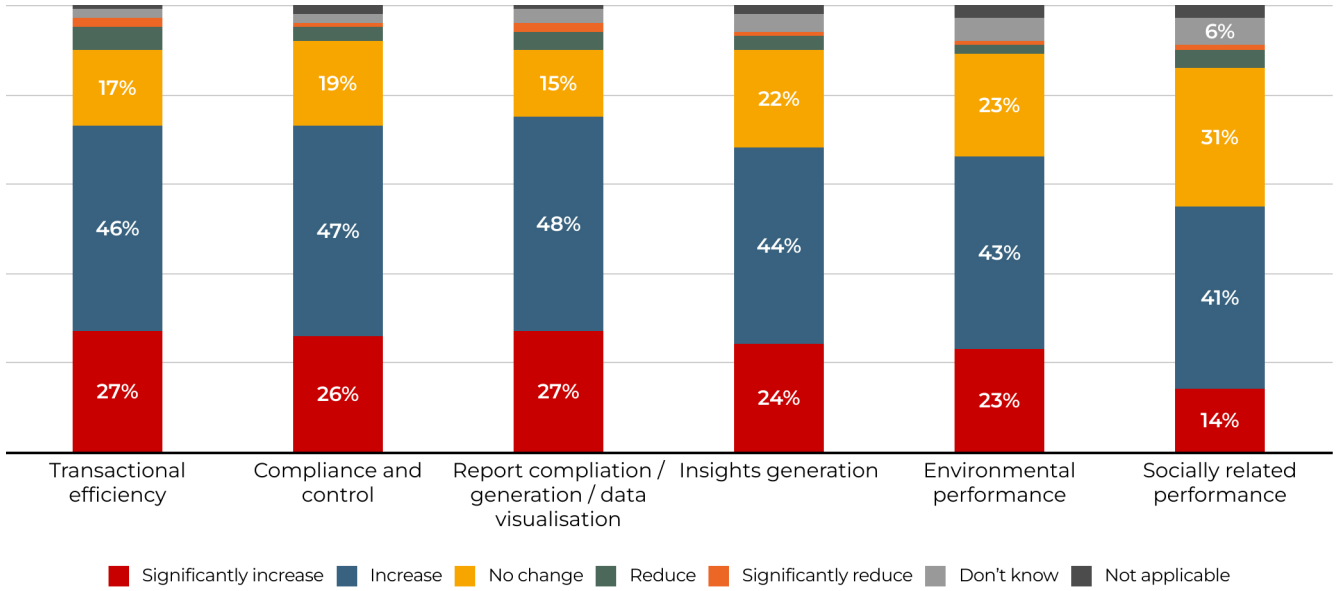
The survey results show that across all the areas that might be in the function's remit, an increase in activity is expected.

Yet this would be at a time when headcount could well be constrained. This imbalance can only be addressed through increased efficiency of processes and automation.

As the role of the function expands, so the need to broaden its capabilities increases. Investment in the finance function can often be hard to justify, but there is now a strong argument for investment to create a sustainable organisation which can react quickly enough. If the finance team can add pre-emptive value across the organisation by enabling pre-emptive action when risks emerge, it should be possible to sustain a case for investment.

- Develop transformation plans to move each domain towards the strategic goal and ensure that the necessary investment plans are in place.

FIGURE 3.4: How do you see the balance of the effort expended by the finance function in each of these areas changing in the next three to five years?



3.2 The organisational model

3.2.1 An agile organisational model

The organisational model is central to all plans. Several of the roundtable participants argued that the traditional structures of organisational hierarchies and leadership were increasingly being challenged and would need to be rethought by 2030.

The organisation that operates effectively in the future will be agile. It must react quickly and innovatively to rapidly changing circumstances. One lesson from organisations' experiences in the pandemic of 2020 to 2022 is that being agile increased the chances of survival. As the world looks increasingly uncertain, so this agility is an essential attribute. Rigid organisational structures could act as constraints in the future.[12] Leadership requires demonstrating foresight.

3.2.2 The transformed C-suite leadership

Some roundtable participants went as far as questioning the future need for such defined roles as typify the executive positions familiar today. They asked, is executive leadership of the future more issue or project based? While some roles, such as the CFO, have defined aspects such as those connected to financial integrity and ethics, it is worth considering how a more flexible model might change the strategic leadership of the organisation and reinforce the position of the CFO as the strategic adviser, or partner, of the CEO. Indeed, many of the roundtable participants saw the CEO role as a natural next career step for the CFO.

The C-suite needs to be more value centric in its approach. To achieve a performance-centric outlook, traditional siloed performance-management targets need to be replaced by a more inclusive set of key performance indicators (KPIs), whose achievement is monitored across the whole C-suite.

12 The impact of organisational models on organisational transformation is considered in ACCA / CA ANZ / Generation CFO 2021.

4. Enabling the transformation journey

'I don't know whether I will be around in 2030, but for the generation which is there after me, I need to make sure I leave a better place and that [means] ensuring that I am taking the risk. I am thinking on their behalf that this is what a 2030 [organisation] is going to look like'.
CFO in the Republic of Ireland

4.1 Developing the strategy

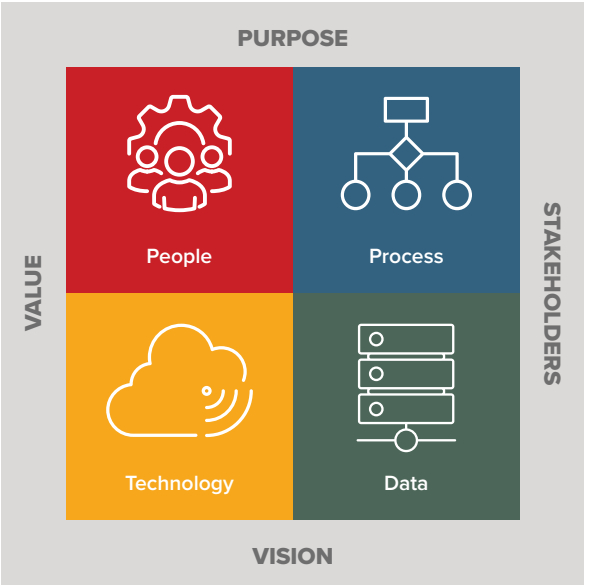
4.1.1 The importance of strategy

The need to refocus and redefine the finance function to ready for the challenges developing towards 2030 means that many functions are already transforming. As Tom Meyers wrote in 2018, *'neither past nor present, but the FUTURE has become the key to your existence, today. As without a future there is no meaning to life'* (Meyers 2018). Having a strategy is essential. This section considers the factors to consider in the development of a strategy, from two perspectives:

- from the interconnected dimensions of any transformation – people, process, data and technology, and
- from the domains of the function considered in section 3.1.4, which encompass its purpose and vision as well as adding value for the multiplicity of stakeholders.

The strategy is summarised in Figure 4.1.

FIGURE 4.1: The finance function strategy



4.1.2 Developing the vision

The survey respondents were asked whether they considered that their organisation has a vision for the future of the finance function. Figure 4.2 shows that 29% of respondents said that they had a fully developed vision and a further 37% said that they had a partial one. Taken with the further 15% who were aware of discussions under way this, reassures us that finance function leaders are planning for the future. The question is: what future do they envision?

The respondents were asked to select up to three areas that they considered to be the main barriers to enhancing the role of the finance function (Figure 4.3). The results give some reassurance, in that only 7% suggested that the CFO did not have a seat at the top table in their organisation and only 12% put a lack of senior sponsorship for the function in their top three. More worryingly, over one-third said that there was a lack of understanding of where the function added value, and just under one-third (32%) said that it was still perceived as a cost. So, for many, there is still a need to establish how the function adds value to the organisation of which it forms a core part. The ability to define and articulate this value is essential. This report contends that the future vision for the function must centre on the establishment of trust, among a variety of stakeholders, both internal and external, in the function's analysis and interpretation of performance data, and the advice then given.

However the vision is framed, the constantly changing nature of the economic and geopolitical situation means that the function cannot afford to stand still. It needs to be agile and to evolve constantly as demands change. This requires flexibility in the organisational structure and ensuring that the individuals working within the function have access to an appropriate range of continuous learning activities. Maintaining skills inventories and forward planning across the leadership team are essential to maintain agility.

- Establish and promote a clear vision of the purpose of the function that is founded on trust in the integrity of information and alignment of its analysis of the organisation's strategic objectives.
- Ensure that the vision has leadership approval and is embedded in an organisation-wide culture of collaboration and innovation.
- Establish performance indicators aligned to the vision for the function and demonstrate its value-adding and autonomous role.
- Implement a continuous learning programme and embed a continuous learning culture to support skill development across the function with a focus on identifying future skill requirements.

FIGURE 4.2: Does your organisation currently have a vision for the finance function which looks towards the medium-term (next three to five years)?

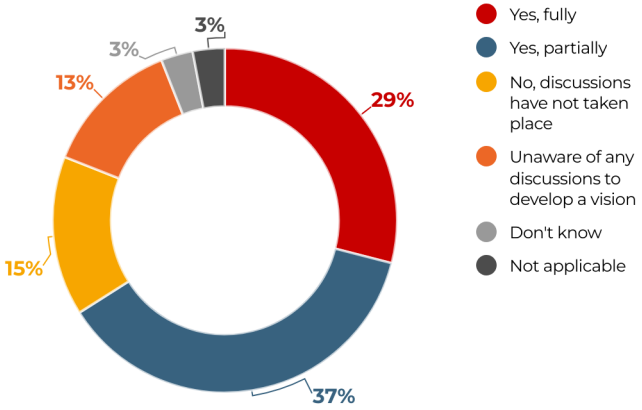
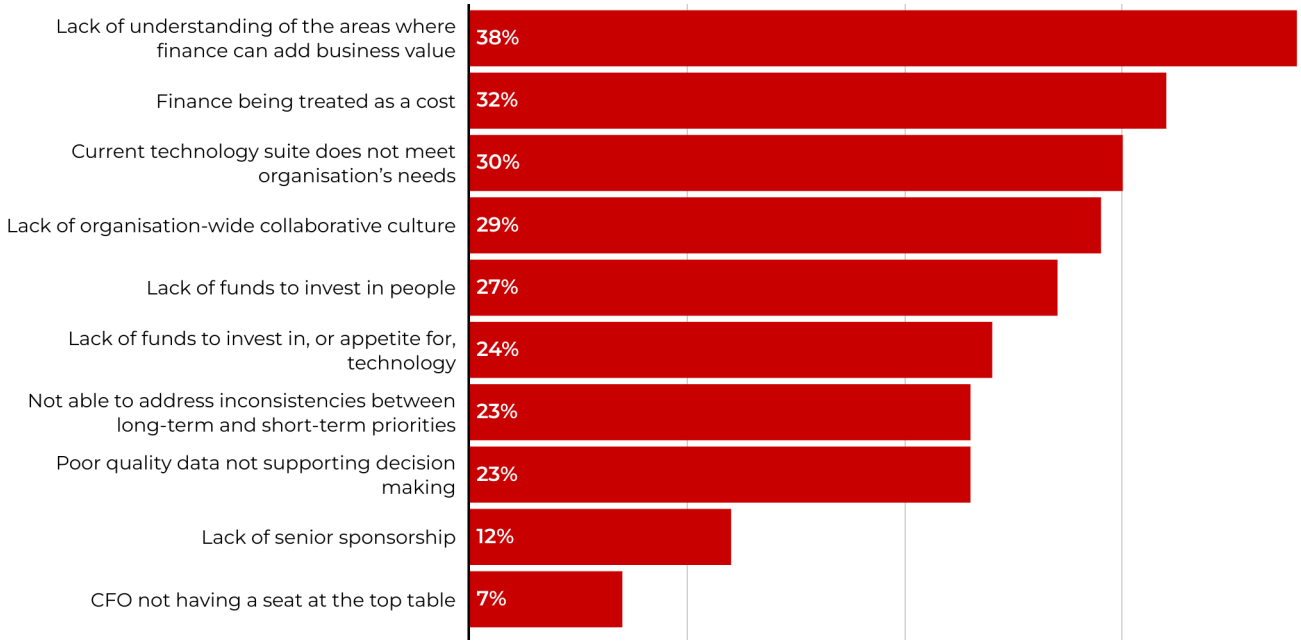


FIGURE 4.3: Which of these factors would you select as the top three barriers to enhancing the role of the finance function in your organisation now? Select up to three.



LEADING IN AN AGE OF DISRUPTION: FIVE WAYS CFOs CAN PREPARE THEIR BUSINESSES FOR THE FUTURE

Disruption, change, uncertainty and risk – these are the watchwords of the new normal facing chief financial officers (CFOs) and their businesses. Rather than waiting for the calm that may never come, successful CFOs are taking action now to equip their businesses for these challenging conditions. How are they making a difference?.

Leading with value

More than a third of survey respondents (38%) see the biggest barrier to enhancing the role of the finance function within their organisations as the 'lack of understanding on the areas where finance can add business value'.

To address this, successful CFOs are adopting shareholder value principles, as well as addressing the ESG agenda. In doing so, they're developing a detailed understanding of the levers that drive revenue growth, enhance profitability and improve working capital, while also providing leadership on the delivery and reporting of key ESG objectives.

A key part of this is articulating how finance creates value across the enterprise, using business rather than finance terms.

Leading with performance

Successful CFOs are close to the business and understand what drives stand-out performance – within their company and across their competitors and adjacent sectors.

They're able to then weave a golden thread linking performance-based decisions, the data needed to make the right calls and the trusted sources of this information and insight.

The survey backs this up – almost 70% of respondents think that the generation of business insights will increase over the next five years.

Leading with data

As transactional finance activities become increasingly automated and tech-enabled, real differentiation stems from the intelligent use of data – structured and unstructured, and from within and outside the organisation.

But this data needs to be clean, actionable and trusted. And as more of the analytics is becoming augmented by Generative AI (GenAI), the need to ensure that data is ethical, auditable and used responsibly is becoming ever more important.

Leading with tech-enabled processes

The increasing use of cloud-based enterprise resource planning systems (ERPs) is providing fresh impetus for process simplification, standardisation and automation.

With the power and flexibility of the cloud as the foundation, the mantra is now 'adopt, rather than adapt' leading practices across end-to-end processes (eg order to cash versus accounts receivable). While only 30% of survey respondents consider their core applications (eg ERP, finance, sales and procurement) as integrated right now, this will double to over 60% in three to five years.

Investment in the latest generation ERPs is a business, rather than technology imperative, and should be set in the context of how this can enable delivery of the business strategy. Designed correctly, the business-led approach delivers a range of business benefits, including more relevant and impactful data and analytics capabilities to support effective decision making and increased flexibility to scale as the business grows. Modern ERPs also improve integration and efficiency across end-to-end processes and enable companies to benefit from the latest innovations through automated upgrades. One of these innovations is the ability to access powerful GenAI capabilities from within modern ERPs, making use of the organisation's trusted data sources.

The key to realising all this potential is to use this as an opportunity to transform ways of working rather than see this as a technology upgrade.

Leading with change

Finance will continue to evolve, and so will the opportunities it can create for the business.

As the chief value officer, the CFO needs to be able to explain these value opportunities to the business and bring them to life by 'showing, not telling'. In practice, this includes demonstrating how a range of business scenarios (eg revenue growth, customer and product/service profitability management, continuous improvement) can be greatly enhanced by a modern finance function.

CFOs can't do this alone. It's important to create and nurture effective support networks across the business, unleashing a multiplier effect for finance's actions.

George Markellos,
Director, PwC UK

4.2 Transformational drivers

4.2.1 People

The 'people' aspects of the future vision for the function provided the greatest area of concern for the roundtable participants. Most noted that this was the most significant factor hampering the progression of the function. The issues highlighted fell into three areas: the talent deficit; the new roles and skills needed; and the changing nature of career paths. All these issues combine to create challenges for the attractiveness of this area of the profession.

A CFO in Canada gave a comprehensive overview of many of the talent issues and how they interconnect with other aspects of the role of finance.

'The speed at which everything is changing [is accelerating]. *What we have done to the profession in the last 10 years is that we have brought in a lot of shared service centres because we did not want to do a lot of the boring work, which means we don't have those skills anymore in house, in our organisations. Even the knowledge and experience expertise that I have is very different to some of the experience that my managers used to have. We are focusing on a lot of softer elements, like attention to detail, business acumen and one of the things that a lot of finance* [personnel] *in my team are saying is that we are taking more responsibility beyond finance today as a finance team and for some reason, no matter what issues come up, the buck stops at finance. Sales does not get involved. Commercial does not get involved. Engineering does not get involved, for some reason. Finance is seen as the problem-solving entity within the business. And we are expected to be. We have always been expected to have that foundation of trust, but now people are trusting us beyond finance topics as there is more data in the business'.*

In a UK survey on workforce hopes and fears conducted by PwC in 2023, the authors commented that, *'businesses need to rethink their approach to development and hiring to ensure they're creating a workforce with robust human skills. A renewed approach must include getting better at identifying and deploying skills effectively across the workplace, starting with implementing a skills-based approach to hiring and operating'* (Moore and Woods 2023).

Impact of AI

An Australian roundtable participant commented on the impact of AI. Their perspective was this. *'Practically, from thinking about the financial statements, if they are prepared in one month now, or maybe … three weeks, thanks to technology. I suspect that we have AI and* [related] *technology not far away, but probably in 2030* [statements] *will be prepared by pressing a button…instead. If you have a finance function of 10 people at present,* [in the future] *you might then need only three people. You might need people who are able to interpret the results, but the size of the finance function I think will change a lot and* [the] *amount of real-time data available and [the] analysis that the finance team will have and can share with others will be so much more'.*

The interplay between technological developments and the headcount in the function is challenging to predict. That there will be shifts in roles is undeniable. How those shifts manifest themselves is open to question. Finance functions always evolve and adapt and the finance leader must assess the skills that are no longer as relevant against those that need to be developed. Even so, ability to use AI is not the only factor in the talent agenda.

Talent deficits

The survey respondents were asked to consider where they foresaw the greatest skills and talent deficiencies for their organisation in the next three to five years. The results shown in Figure 4.4 perhaps unsurprisingly highlight digital skills, data skills and sustainability skills as by far the most significant.

Many of the roundtable participants, while agreeing with this analysis, also stressed the importance of deficiencies in key 'consulting' skills such as influencing and managing conflicts and stakeholder interests. By contrast, only about one-quarter of survey respondents included these among the top three deficiencies they recognised. A roundtable participant from East Africa commented, *'I feel like the soft skills are the ones that are going to make the difference in how companies perform and the decisions we make'.*

There is a clear argument that the function needs to extend and broaden employees' skill sets and how these apply to new roles.

New roles for finance

There are examples of new roles being introduced into finance functions; example job descriptions for some of these can be found in Appendix 1. A selection of these roles, all of which currently exist, were proposed to the survey respondents to determine the extent of recruitment. The results are shown in Figure 4.5. While there was some evidence that the roles connected to data analysis and integrity were being embraced, for all the examples other than data analyst roles, over 50% of the respondents indicated that they were not aware such roles were being considered. Only very few indicated that such roles had already been filled.

If finance leaders do not start to embrace these broader roles then the function may not be able to generate the future value that the organisation needs. Two examples serve to illustrate the practical realities of the impact of new roles. These roles typically act as bridges between the finance function and other parts of the organisation.

FIGURE 4.4: In which of the following areas do you expect to have a skills and talent deficit, as your finance function develops in the next three to five years?

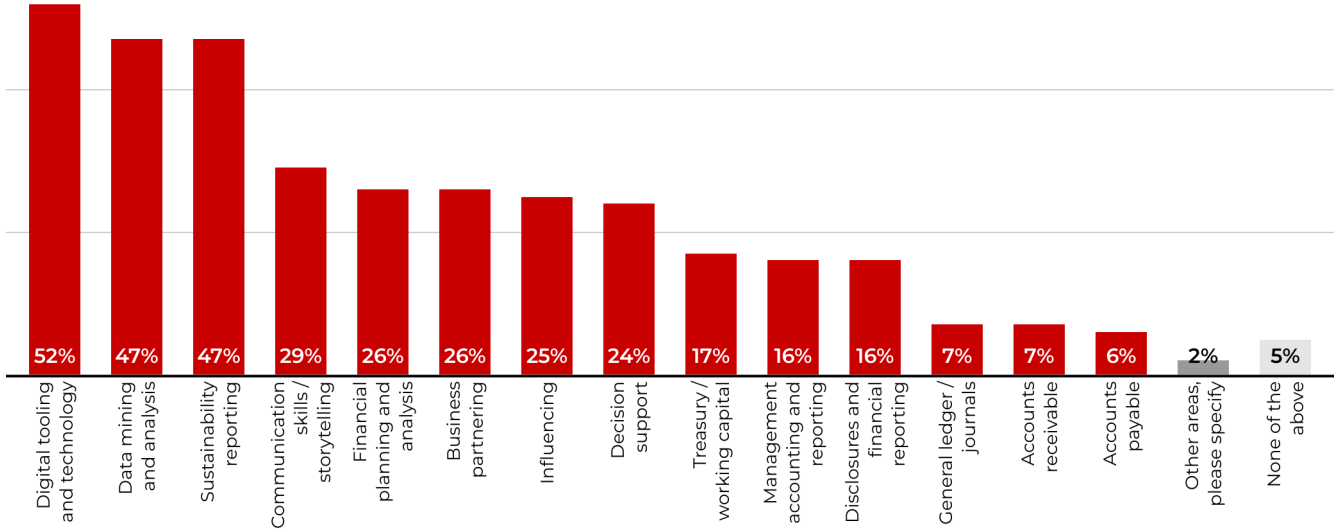
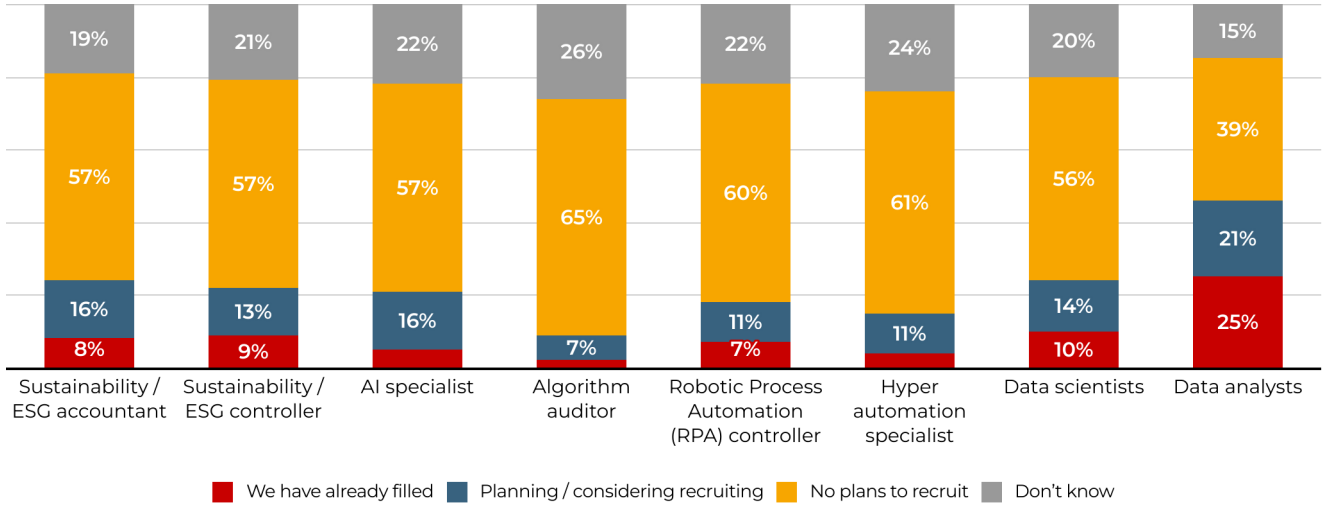


FIGURE 4.5: Which of the following roles have you already filled, or are you considering recruiting in the next 12 months, as part of the finance function?



They have elements of technical expertise as well as the ability to link the finance domain into the strategic goals of the organisation.

The lack of investment in ESG controller roles was considered during an interview with an ESG controller in a large corporate. Their own development path was as a finance business partner, and they admitted that initially they had only a passing interest in sustainability issues. Yet, as the reporting requirements in this area have started to be implemented, they found that their role was essentially that of acting as a bridge between the finance function and those charged with delivering the sustainability goals of the organisation.

Without their finance background they did not see how the organisation would be able to achieve its reporting obligations to the standards required, yet without an overview of the regulatory framework the feeling was that the sustainability team would find it challenging to monitor progress effectively.

Another example of innovation in roles was highlighted by a roundtable participant working with data. Elements of data capture had been automated and these had traditionally formed part of the initial training ground for graduate recruits into the function. The implementation of automation had highlighted data-quality issues. In response to this, one graduate had been given a data integrity role within the finance function. The responsibility was to work across the organisation with the data owners to identify the causes of each data issue and then to rectify the process. Through the need to engage outside the function not only had the data quality improved but the individual had rapidly developed an understanding of the organisation which had enabled them to be fast tracked to further roles.

An extension of the skill set question is that of the role of AI in the finance function of the future. Perhaps the greatest change is that everyone will be required to be AI adjacent – to use AI and other emerging technologies as part of their work. The evolution of AI will change aspects of roles and probably increase productivity. It is unlikely that AI will remove job roles. The close alignment of finance and data skills will also redefine many finance roles. That is not to say that the traditional aspects of the finance function professional are lost. The relevance of accounting principles, the debits and the credits, remain at the core of the function. The change will affect how these are applied. A CFO from Europe commented, '*I would say the skill set evolves. You no longer do the debit and credit to deliver financials. Obviously, that is the [basis of] what you have to do. But really, what everybody cares about is* [everything] *they cannot see on that balance sheet: the insight and the analytics and how you drive profitability*'.

Evolving career paths

Career paths are changing. The automation of some tasks and the development of new ones inevitably changes the skills balance that the function requires. This presents two potential challenges for the finance leader:

- how to onboard new hires when the 'traditional' entry-level roles no longer exist, and
- how to speed up the development of individuals so that they can assume roles that add more value, such as those in the Insights and Strategy domains of Figure 3.3.

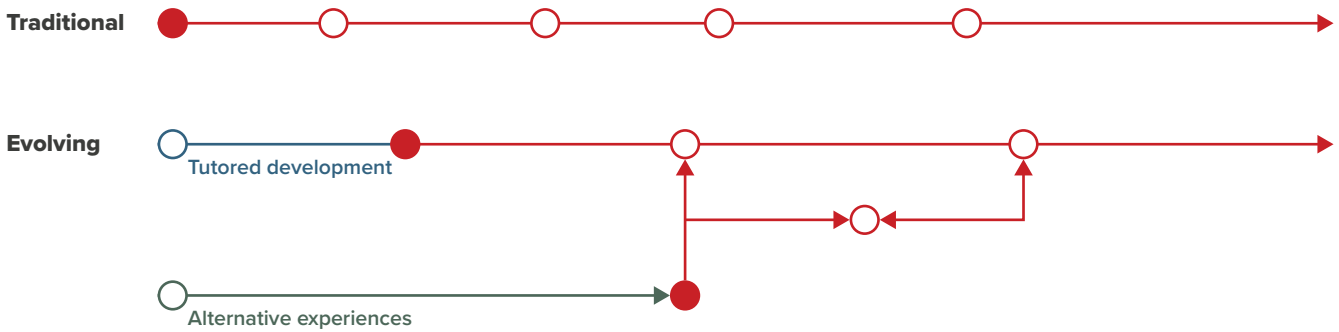
The comparison between the traditional and evolving career paths is summarised in Figure 4.6.

From the discussions with the roundtable participants, it is clear that the traditional on-the-job skill development pathway is no longer relevant. Indeed, some stressed the need for the conversation to move on. Talking about what once existed was not relevant to attracting new talent.

A CFO from Malaysia commented, *'we realise that a lot of new people that come into the profession are not able to cope or adapt as fast as they should. They take quite a while to get that kind of stability and they think about the current rapid changes. If they are not able to cope or they're not able to adapt, then they will leave the profession'.*

A CFO from the UK noted that, *'there is going to be a lot that the profession needs to do to ...move* [new entrants] *throughout their exams and throughout their study* [so as] *to be... able to jump on something that has already* [been] *automated'.*

FIGURE 4.6: Evolving career paths



The evolving career pathway provides alternative experiences in a non-linear career progression. A couple of contributors highlighted the same experience that they had with bringing those with alternative experiences into the function – in both cases those with engineering backgrounds. While initially, in both cases, the individuals had been asked to focus on data quality and integrity, it had emerged that the application of their skill sets had enhanced the function's ability to offer the business deeper insights from the available data. In one case, the function was able to identify potential customers from media interactions, conduct credit risk assessments and give pre-approved credit ratings before passing the potential new customers to the sales team to follow up. Incorporating engineering skills in a financial context had enabled a pro-active approach and increased, the value of the finance function.

A CFO from Europe commented on the composition of the finance team, *'what I am lacking, to be able to be that strategic adviser, is the forward-looking person that the business is looking for. So, you* [need to] *hire accountants and data scientists and people who understand machine learning.'*

A finance leader from the UK noted that, *'the gap between those that do transactional based roles and those that do core finance roles which are now more* [concerned with] *commercially based analysis and value-adding* [activities] *is becoming wider and wider.'* The concern raised here is one that requires an adjustment in the focus of a traditional career path. Can the expectation of a single uniform path continue to be maintained?

The disruption of career paths will increase the importance of micro-level qualifications and certifications that support career development in several practical areas. Providing structured experience beyond the qualification will be essential for mobility and progression.

Forecasting and predictive analytic skills will be a key part of the finance function. The speed of change in the operating environment, together with its geopolitical complexities, will mean that immediate forecasting, as opposed to complex annual budgeting rounds, will be a requirement for the finance team. Ability to model in a range of tools (not just spreadsheets) will be needed.

In a traditional career model, individuals tended to gain business acumen over time, usually through on-the-job experience, which might well be supported by mentoring activities. Many of the roundtable participants highlighted that there is a need to accelerate the growth of that particular skill. This is illustrated in Figure 4.7, which indicates how skills need to be developed earlier in an individual's career in the function, thus facilitating an early specialism. In practice, in the developing career model it is likely that individuals will migrate between various specialisms, especially as new areas open up, as a form of personal development.

It was also argued that those leaving graduate education, or equivalent, needed to have a more relevant focus to their learning experiences. A finance leader in Europe commented, *'what I* [have] *observed happening is that the people who are hired from universities are struggling a lot because there is this gap created between what technology produces as an output in terms of data and insights on the data and their ability to validate* [and] *cross-check to bring them confidence in* [telling a story]. *What do I foresee by 2030? I would say the mix of skills will change ... and that will also inform the need for educational establishments to adjust their educational programmes to produce the kind of specialist and mix of skills ...able to efficiently support that need of enterprises'.*

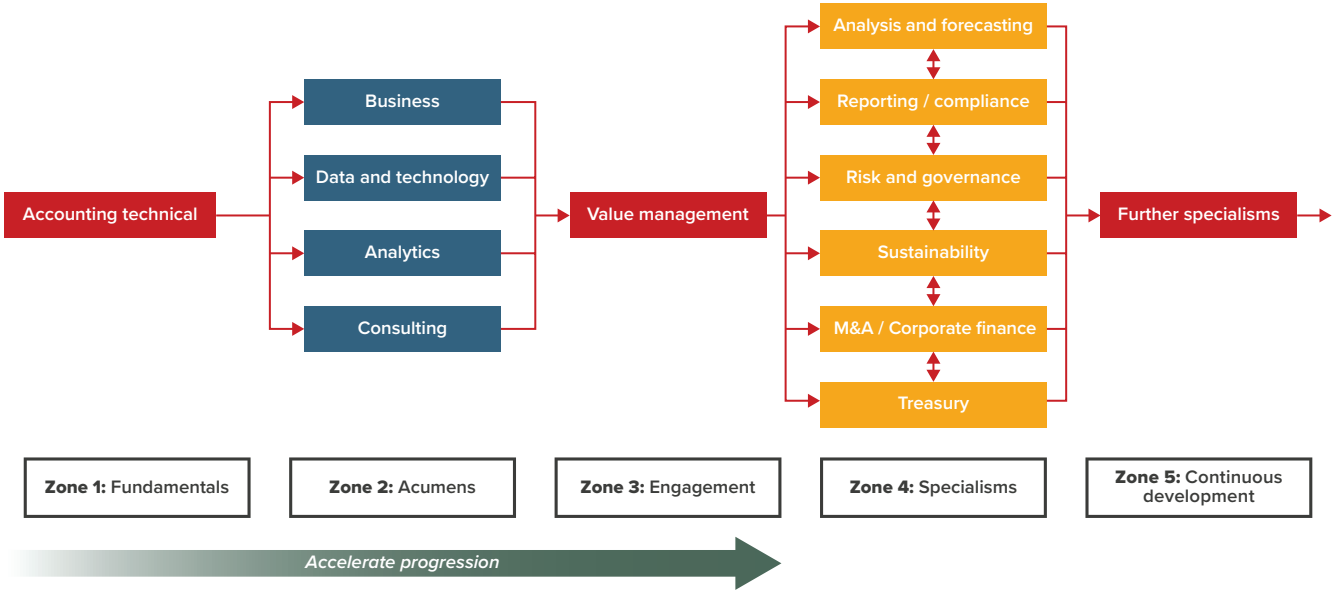
Establishing the attractiveness of the function

The roundtable participants considered that to make the finance function attractive to professionals, what the function does and how it creates value had to be defined in a more relevant manner than hitherto.

A finance consultant based in the UK commented that a new approach was needed, *'before it is too late for all the Gen Z* [recruits] *to come in, and we realise, "oh, wow, how do we handle this now?" Because our traditional jobs are already being impacted by AI automation, but then we will be left with a huge shock in another couple of years when we find out that we have evolved. But then ...*[we will] *realise that there is no one who is willing to take over our jobs after going through the automation and robotic shock as well. So, I think it'd be good to prepare and think about that in advance as well'.*

Only if this can be achieved is the function likely to attract those of the necessary calibre. The discussion even questioned whether the term 'finance function' was itself a constraint. Should it be a 'value function' or an 'performance function'? One CFO commented wryly on having only just managed to stop people referring to his team as 'the accounts department' and that it might be a challenge to rename it again in people's minds.

FIGURE 4.7: Accelerating career progression in the finance function



- Use the vision for the value-adding function to reassess how to enhance the function's attractiveness to talent.
- Identify the core capabilities that the finance function wishes to be known by and map these to the organisation's strategic value drivers.
- Consider the balance between roles that are no longer required to the previous extent against new roles that need to be developed.
- Embrace the need to add new roles into the finance function to support the broader objectives identified in the function's domains.
- Define career paths to bring development of strategic and business acumen skills forward in the career pathway.

WORKFORCE TRANSFORMATION: DEVELOPING TALENT TO MAKE THE MOST OF AI

The skill sets and ways of working within tax and wider finance teams are evolving at pace. How can you get up to speed?

The clear conclusion from PwC's latest AI Jobs Barometer is that workers must adapt to a new era. Roles are evolving and new ones are emerging faster than ever, and no more so than in the jobs most exposed to artificial intelligence (AI) – tax and wider finance included.

Reframing tax

Technology is becoming the key differentiator in tax function success, as companies shift to digitised and automated solutions. In particular, generative AI (GenAI) is opening up opportunities to reinvent tax and wider finance functions and reimagine the work within them.

We're already seeing how GenAI can handle tasks such as document writing, data entry and data analysis. The enriched data and time freed up can help professionals focus more of their skills and capabilities on providing impactful commercial and technical insight and recommendations.

Just as important is the cultural shift – as work within tax and finance shifts from 'doing' to 'reviewing', backward-looking to future-facing, and becomes smarter, more collaborative and more engaged with the wider organisation in the process.

Future ready talent

So how can you as a CFO or head of tax make sure your teams have the skills, confidence and motivation to make the most of the tech potential? Five fundamental priorities stand out:

Know what's coming

The starting point is exploring how and where new technology can be used and embedded with your operations and how this will impact roles and responsibilities within your team. The results will help you to anticipate future workforce skill requirements and plan ahead, rather than reactively responding.

Recognise the generational shift

Key considerations don't just include what skills will we require in the future, but what will the talent we need to attract, retain and nurture want from us. This includes developing a clear understanding of changing generational expectations and aspirations.

Create attractive career paths

Design attractive career pathways capable of developing and inspiring talent with skills aligned to future workforce models. In practice, this requires innovative development and support frameworks that recognise that working lives won't be the same as previous generations.

Nurture 'human' as well as digital skills

Skilled specialists in areas such as AI training are clearly going to be more critical. But the key is upskilling and embedding digital skills across your organisation. Moreover, as more operations become automated, the skills that can't be replicated by machines such as creativity, engagement and leadership are going to be more prized and important than ever.

> **WHEN SURVEY RESPONDENTS WERE ASKED ABOUT THE BIGGEST SKILLS GAPS THEY FACE, THEY HIGHLIGHTED DIGITAL SKILLS, DATA SKILLS AND SUSTAINABILITY SKILLS AS THEIR TOP THREE.**

Foster adaptability in accelerated careers

Entry level talent will need to adapt and develop new skills at pace as workloads transition from basic tasks to prompting technology, supervising technical responses and becoming more involved in responsibilities that were previously reserved for management.

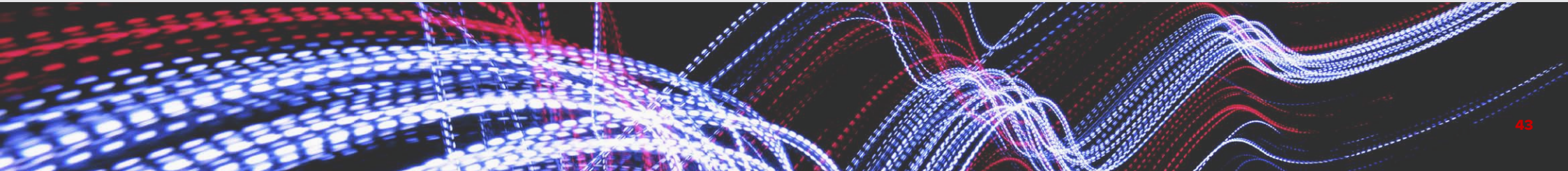
GenAI will provide access to tax technical responses. Nonetheless, it's still important to develop effective tax technical skills earlier in people's careers so they can review the responses, identify any gaps and adapt to changing business and regulatory demands.

Reaping the rewards

So work is changing, but with this comes the opportunity for tax and wider finance teams to bring more insight and innovation to the top table of business decision making, while developing more varied and rewarding careers.

Roz Burke,
Partner, PwC UK

Katherine Bell,
Workforce Strategy Lead for Tax, PwC UK



4.2.2 Process

Efficiency and automation

For a pre-emptive model of the finance function to be effective it must draw on efficient and effective processes. Trustworthy and accurate data must be available when needed. Creating an optimal set of processes is a complex journey in itself. Process refinement and improvement must be agile and continuous, especially as the operating model continues to evolve. Those traditional aspects of the process flows that may well be blockers to the timely presentation of information must be eliminated. The CEOs surveyed as part of PwC's 27th annual survey indicated that on average 40% of the time spent on processes was inefficient (PwC 2024b). As having trusted information readily available is essential, so reducing this level of inefficiency is key. Examples of finance processes that CEOs considered to be inefficient included 40% of the time spent in expense-approval and 39% of that in payroll.

One of the dimensions of the career pathway discussion is the desire of those entering the profession to have a better work–life balance. That may be one factor in determining the optimisation of the core processes of the function to spread workloads evenly throughout an accounting period and challenge assumptions about the role of the period end. There was a debate among the roundtable participants about the extent to which continuous accounting is practical. Some argued that the process flows would remove the need for the data to be periodically reconciled, while others maintained that the reassurance of the month-end tidy-up was important. Whichever position is adopted, smoothing and integrating process flows has to be an objective to support near real-time reporting of trusted data. A CFO in the UK commented that, *'So all those issues that you go through on a period-by-period basis of reconciling all your suspense accounts and making sure you've got all your accruals prepayments done, I think* [are] *going to start to disappear and I think all that…merges into that management information* [area]*. But I still hold on to the fact that it will be some time yet before it happens'.*

An integrated view of performance also requires an integrated set of processes across the organisation. No longer will any of the so-called 'back office' functions sit in isolation.

Taking an integrated and complex view of performance moves organisations onto a broader scorecard of outcomes at all levels. Integrating economic, environmental and social reporting will require an organisation-wide emphasis on internal control, together with more continuous monitoring of transactions and data. The correct identification of erroneous transactions will require a deeper understanding of the core operating processes and how outliers (and, in turn, false positives) can be identified, increasingly using AI to scan transactions; although the follow-up and determination is likely to remain a human process.

Impact on internal control

Many of the traditional approaches to internal control will be challenged as processes continue to be increasingly automated and the focus of human intervention in the processes shifts. The current approaches are based upon essentially manual processes which involve detailed interventions in, and reconciliations of, the outputs of different systems. The approach is also an extension of accounting principles and, to an extent, is dependent on the tenets of double entry. As the extent of internal control starts to embrace other performance measures, and decisions are derived from ML models that support the development of analyses and forecasts, so the basis of internal control frameworks needs to shift towards more intelligence-led techniques, such as continuous monitoring of outliers and logic-based assessments. A CFO in Canada commented that, *'if you are talking about controls, AI will be able to help you to…*[create] *better internal controls, to check* [that] *internal policies and procedures* [are] *in a better alignment. As the government regulations change, how do you change your policies to meet with the new change? That* [will always be the] *job of the CFO'.*

A CFO based in the Republic of Ireland noted that, *'now that there is the new era of reasonable assurance* [in relation to CSRD]*, we have been asked to jump in and make sure that the process flows make sense and that within the data capture there is data integrity, so that when we go to our auditors, we can trace the information back to the data or at least to lay out those process maps, build in those controls and ensure we do a proper risk mapping. This lies with the control function'.*

Organisations' operating models will continually evolve to ensure that they achieve required environmental and social targets. The role of finance professionals as performance consultants, advising on potential courses of action, elevates the business partner relationship. Adaptation and innovation will be key to organisational success.

!

- Continually assess and improve processes to remove barriers to the timely collection and presentation of trusted and valuable information.
- Assess process models for opportunities to integrate and optimise, removing periodic cycles that no longer add value or are obsolete.
- Understand the totality of the process models across the organisation, including both financial and non-financial data.
- Optimise internal control activities to use more continuous monitoring techniques.

4.2.3 Data

Closely linked to the processes are the ways in which data collection and processing are becoming increasingly automated. A finance leader in the Republic of Ireland noted, *'you need to make sure you have the capability to capture that data at source and then report it the right way...what we are trying to ensure is that our underlying systems are strong enough and that if people use that data, then they generate the right numbers, and also ensuring that people can build their own stories'.*

Data collection

The traditional model of data collection in the finance function was through accounts payable and accounts receivable. It was accepted by most of the roundtable participants that these functions would increasingly be automated. In practice, this might well mean not just the use of robotic process automation or intelligent automation (RPA / IA) applications, but also taking a more integrated view of automated data capture, as summarised in Figure 4.8.

Increasingly, accounting transactions are generated from non-accounting applications and fed directly into the core ledger systems, which are the effective data repository for the organisation. In part this also achieved through IoT devices that record activities. A finance professional from Europe asked, *'are our* [current] *enterprise resource planning systems capable of managing all these USD8 billion-worth of IoT devices that we foresee in 2030?'* Any residual, repeatable, transactions can be captured using robotic process automation (RPA) / intelligent automation (IA) applications.

Capturing data from external data sources will be done increasingly through automated processes that pass trusted data across value networks. This may occur in several ways, such as the use of e-Invoicing (as explained in Figure 4.9); blockchains, external application programming interfaces (APIs) and other supply networks. The advantage of e-Invoicing, which is currently being developed in several locations, is that the tax authorities can be given access to the transmitted data, thereby automating the

FIGURE 4.8: Data collection models

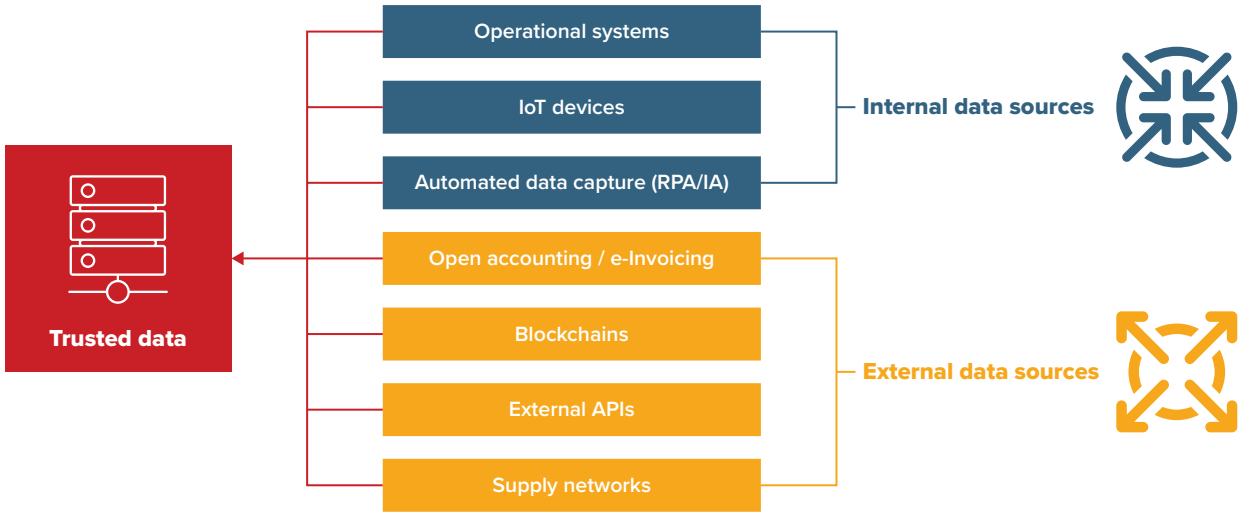
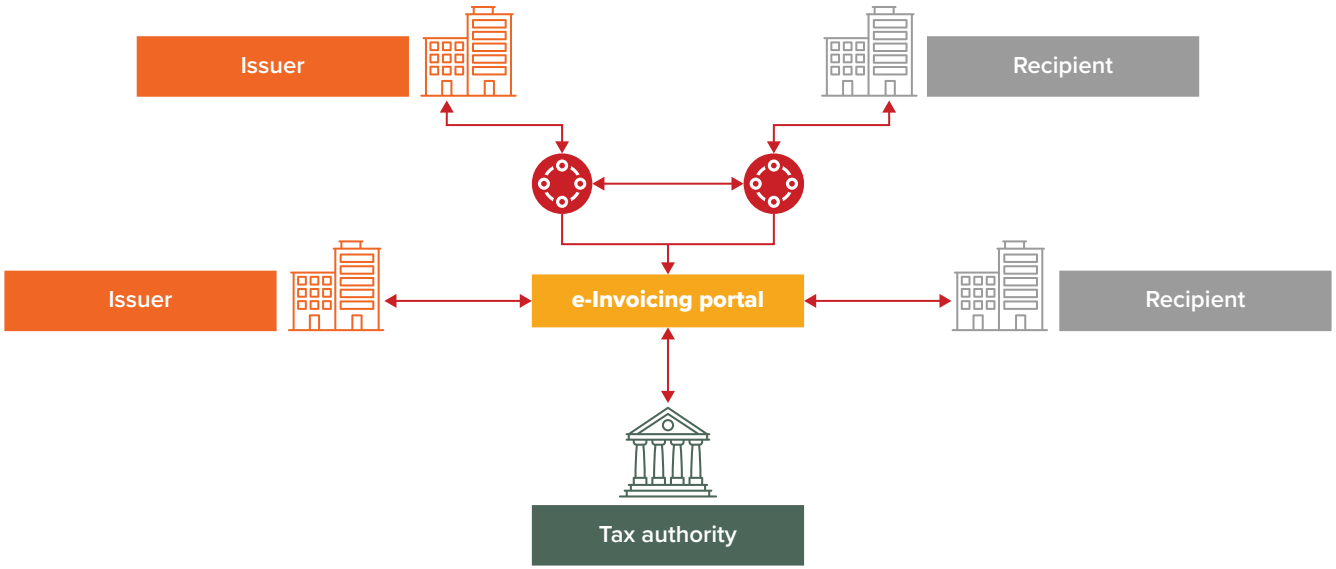


FIGURE 4.9: Example e-Invoicing workflow



sales tax process. Some roundtable participants in East Africa cautioned that some such processes can give rise to implementation challenges.

A CFO in the Middle East noted, *'from point of sale, when the accounting is automated, then the ledgers get updated,* [so] *you are producing information at a much faster pace'.* A finance leader from Europe added a note of caution by commenting that, *'you can be as technologically advanced as possible, but if your upstream partners are not ready to provide you* [with] *the data you will still wait or you will have to make some assumptions'.*

Whatever method is used for data collection, establishing the accuracy of that data is increasingly important. Some of this can be automated, for example by using AI-driven monitoring and control techniques, but establishing and maintaining data integrity within the finance function is fundamental.

Data use

As the use of AI and ML increases, it will be vital that data is as accurate as possible at the point of capture, because the quality of the information deduced from it will depend upon the quality of the data from which the models extrapolate. This information will then be used when making decisions and acting. Figure 4.10 indicates how that data may be used and the criticality of its accuracy. It also shows the centrality within the function of the skilled professionals who can analyse and interpret the output of the large language models (LLMs). The use of LLMs to manipulate and analyse, for example, sentiment data from news feeds and similar unstructured data sources and then utilise these to project the impact of future activities can only be advantageous to the finance team in its forecasting work.

This is not to say that the use of AI and ML do not present significant opportunities for the finance function – they do. But it is essential, and highlighted by several roundtable participants, that people interpret the output. This is especially relevant as the forecast for the traditional financial planning and analysis (FP&A) cycles was that this work would be performed by such LLMs within the next five years.

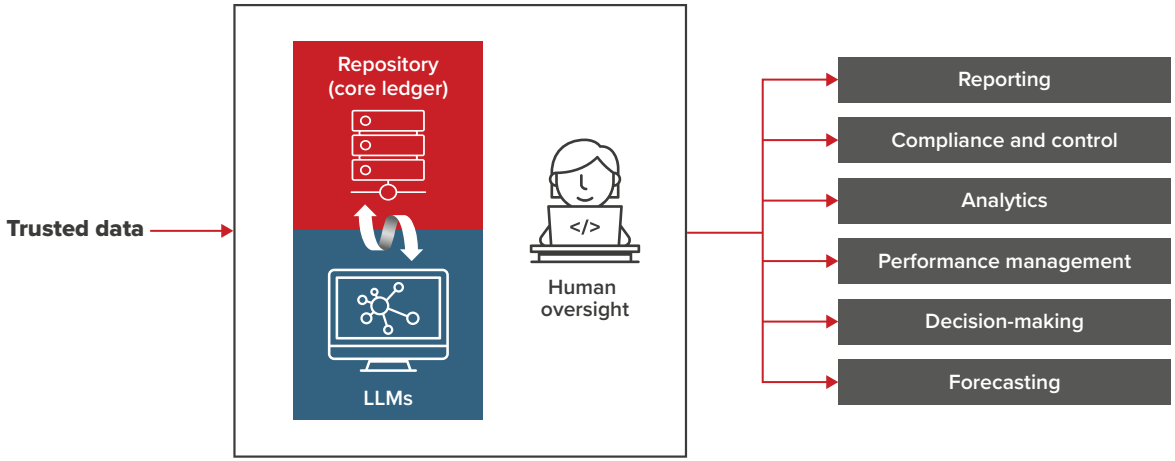
A roundtable participant commented that, *'so as long as people are clear about where the data is coming from, we are comfortable letting them use it and we can't stop people. So, there's a democratisation of data. There is information which is available, and you know people are going to use it'.*

Data management

Inevitably, the ability to work with data sets will continue to be a fundamental skill for accountants working in finance teams. The convergence of data management, data integrity and finance roles will continue. As regulators increasingly focus on a broader range of disclosures than previously so the integrity of data across the organisation and how it is presented in reported information will warrant additional attention. Concepts such as internal control over data and the extended use of continuous monitoring and auditing will be core parts of the function's role. It will use AI to highlight trends and patterns in data and offer real time, or near-real time assurance over data flows.

- Develop a data-management strategy that ensures the integrity of the data across the organisation from the perspective of the finance function.
- Ensure that there are sufficient skills within the function to be able to analyse, interpret and correct the outputs of automated models.
- Optimise internal control activities to use more continuous monitoring techniques.

FIGURE 4.10: The importance of trusted data and its uses



4.2.4 Technology

The expectation of continued exponential growth of technology, especially computing power, cannot be denied. The finance function needs to be ready to exploit these technological advances and ensure that it is ready to maximise the use of data accordingly. Cloud computing facilitates many of the advances. In a PwC survey of 407 UK businesses in 2023, the authors note that *'while 35% of respondent organisations might be "leading adopters", exploiting cloud services for IT modernisation, just 16% are considered to be truly "cloud-powered". These organisations have gone "all-in" on cloud, with adoption scaled throughout the business – from customer-facing applications and revenue-generating services to back-office and infrastructure. As a result, they are more likely to achieve measurable value: faster time to market, increased innovation, better customer experiences, cost savings, and more'* (PwC n.d.). While there might be a desire to acquire the latest technologies, having a fundamentally sound technological architecture, such as a cloud-based application set which is fully integrated, may be necessary first. The concepts of a digital core and the target operating model, which are necessary when developing such an architecture, are discussed in ACCA / CA ANZ / Generation CFO 2021 and remain valid in this context.

Figure 4.11 shows a range of potential technology-use cases, by domain, which could support the development of a pre-emptive finance function.

A CFO in Malaysia commented that, *'I can say that we have limitations on what, on the technology forefront, is available to us. I think one is...the limitation of the cost. I think the cost factor is quite huge...if we want to adopt a technology it quite costly to the organisation* [which creates a barrier]. *At the same time I think the deeper understanding on the technology itself* [is also needed]. *So, where do we want to go? We want to be autonomous. We want to* [use] *automation, but it is not as bad now as it was couple of years back. Probably* [in Malaysia] *we are closing the gap* [and we are] *probably one or two years behind an advanced nation,*

FIGURE 4.11: Evolving technology use cases, by domain

Transactional processing	• Automation in data capture • AI-based sampling for internal controls and reviews • APIs • e-Invoicing / Open accounting • Data repository (including enterprise resource planning) • Continuous monitoring
Value generation	• Performance management tools • Cloud-based data warehouses • Scenario modelling • Collaboration tools
Compliance, reporting and regulation	• Third party and in-house large language models to facilitate the resolution of technical queries • Data extraction tools • XBRL and iXBRL reporting tools • Continuous monitoring tools • Specialist applications (eg treasury management)
Data integrity and management	• Cloud-based integrated application architecture • Data analytics tools • Data warehousing • Data repository • APIs • Continuous monitoring tools
Insight and forecast	• Self-serve analytics tools • Forecasting tools and models • Data modelling and analysis tools • Cloud-based self-service tool
Strategic consulting	• Scenario modelling • Data interrogation • Risk management

but it will take a while for a country like Malaysia to reach the technological adaptation that we [aspire to]. *So, I think* [that technology is] *an opportunity but it is also a barrier'.*

A finance leader commented, *'here in Jamaica we have similar disparities among organisations and ... the rest of the world. I work with a government organisation and we struggle with just some basic functionalities in IT and I've often...felt as if technology* [available elsewhere] *is just so far ahead of what we have at our disposal. So, definitely, if we expect that the finance function will...move forward towards this vision for 2030, we have to find strategies to ensure that there is equity among nations and even within countries'.*

In the same roundtable, a CFO emphasised that finance can have a powerful impact on the adoption of technology. *'I say, illustrate to the business the power of embracing technology and unlocking that power. I think finance can then be an important catalyst for technology adoption across the rest of the organisation as well'.* There was a word of caution, however, *'when I look at finance as a function, in order for us to really be successful, as well as embracing technologies, be it IoT, etc, we need to ensure the rest of the organisation is also upskilling in that regard, because* [when] *we are running at this level of latest technologies, be it machine learning, IoT, blockchain, IP automation and so forth, it is almost* [as if we are in] *the Rolls Royce but the rest of the organisation is still driving a mini'.*

A CFO in the UK commented, *'I think for the next* [technology adoption] *we are seeing LLMs and generative AI now just as we thought about big data and cloud computing* [before]. *They are something that we were coming to terms with and that we are trusting. Whether we go into the cloud or not;*

we have gone way past that now. But we are in the LLMs which if people are just still coming to terms with big data, well we need to be way ahead of that. LLMs are probably in the next five years are going to change the data landscape completely'. A CFO from Malaysia added that, *'to me it's just a tool like the machines during the industrial revolution. You have the large language models that help us to process data more efficiently. And from my perspective, it just helps us to probably think better'.*

A CFO from the UK provided a commentary. *'I think while these technologies are hitting us and making us change, we may also see some resistance to it. So no, I'd rather have an AP* [accounts payable] *clerk put in my invoices because they are going to look at it, they are going to have a sense for something* [wrong, and] *they can chat to a colleague if they are not sure. Whereas if you just get an OCR* [optical character recognition] *scanner, scanning it is going to record the supplier's name and amount. It is not really giving you the full sense of what is going into the system. I just wanted to pull the counterpoint in that we do not have to just accept this fate and point out that is our role to influence that'.*

- Undertake an impact assessment of the technology requirements for each domain and develop appropriate strategies.

4.3 Developing the finance function domains

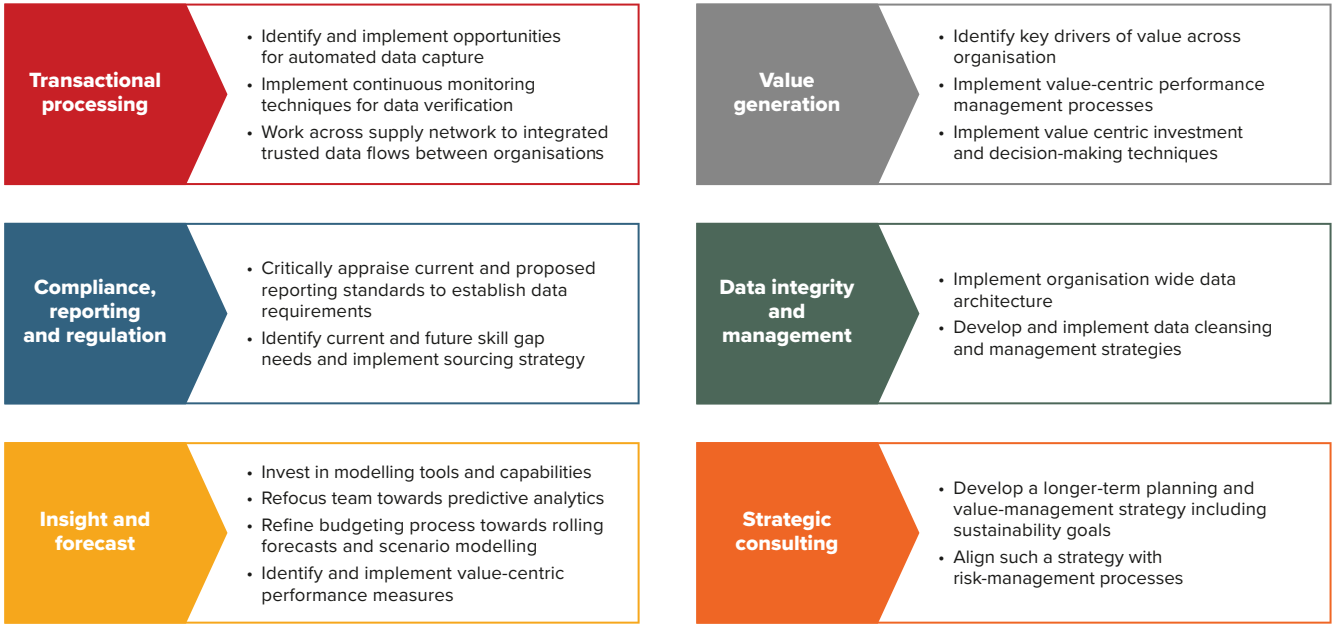
In developing the model of the domains, implementing them in the organisation requires a view of each domain and the competencies required to support it. Throughout each of these domains there is an underpinning competency set of financial, business and consulting acumens.

Enacting the action plan and preparing the finance function for the future will, inevitably, involve reskilling individuals and investment.

An Australian roundtable participant commented that a finance leader needs, *'to have a plan in place and to decide whether you want to be a leader or follower on climate change, on AI, and how much to invest in the next year. Then* [you] *map all the risks and then keep on revisiting this plan regularly and* [at a] *certain point take some actions. Every company is different and has different objectives.* [Finance leaders] *have at least to map all the risks that the change is bringing and have a framework and the planning in place.'*

Figure 4.12 provides a summary of the actions that might be considered for each domain.

FIGURE 4.12: Summary of potential actions for each domain

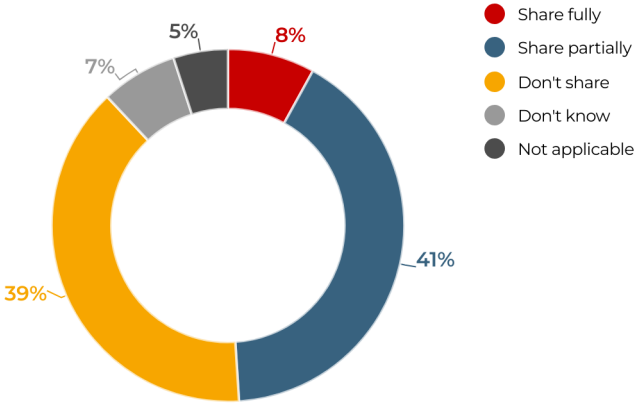


4.3.1 Transactional processing

The key requirement for the finance function is for efficient processing of core transactions in a manner that is as timely and as error free as possible. While this is hardly a new requirement, it now needs to be optimised in the context of the increasing connectivity between organisations and the electronic transmission of data.

The survey respondents were asked to what extent they currently shared financial information across their value chain (Figure 4.13). Just under half had some form of sharing, with those fully sharing being limited to 9% of the respondents. This indicates that there is a progression that organisations need to undertake to achieve an optimal automation of these processes. As indicated in Figure 4.8, there are many forms of automation which can be used in data collection and the function in 2030 needs to be able to grasp the opportunities they offer, which will be driven either by customer or regulatory demands.

FIGURE 4.13: To what extent do you currently share financial information across your value chain with customers and suppliers?



The immediate action for finance leaders is to assess their technology stack so that they can understand how automation can be embraced.

They also need to consider the future skills needed. These are a progression from the current data-entry roles to anomaly resolution skills focused upon resolving the inevitable non-compliance issues that will arise.

CORE COMPETENCIES

- Development and maintenance of automation methods
- Data integrity and anomaly resolution
- Data governance

4.3.2 Compliance, reporting and regulation

Developing this domain is a complex and broad activity, not least because the expectation must be of an increase in the breadth of the technical domains it includes.

For smaller and medium-sized finance teams, the gap between requirements and ability to deliver may well widen. Adoption of finance-as-a-service will become increasingly common, whereby organisations buy in some of, or all, their finance and performance activities, including in specialist areas, such as treasury management, which would not be affordable on a standalone basis. These are becoming increasingly relevant as the capital markets continue to evolve. A CFO in the mid-tier firm commented, *'I do think collaboration is going to be key and maybe what you will see is specialists starting to crop up where you will not be all things to all people'.*

One of the challenges is attraction of talent into this area. A roundtable participant in India commented, *'I see there is a dearth of talent,...of people who are really focused on the profession,...having skills around the regulations and accounting standards in companies because everyone now wants to do business partnering'.*

To gauge the extent of the potential gap, the survey respondents were asked to consider two questions. Firstly, whether they were considering the use of third-party expertise in a range of technical areas (Figure 4.14) and secondly, the extent to which some transaction processing may be outsourced, and the difference they would expect between the present and three to five years hence (Figure 4.15).

FIGURE 4.14: Do you currently use / are you considering using third-party expertise on an ongoing basis, in any of the following areas?

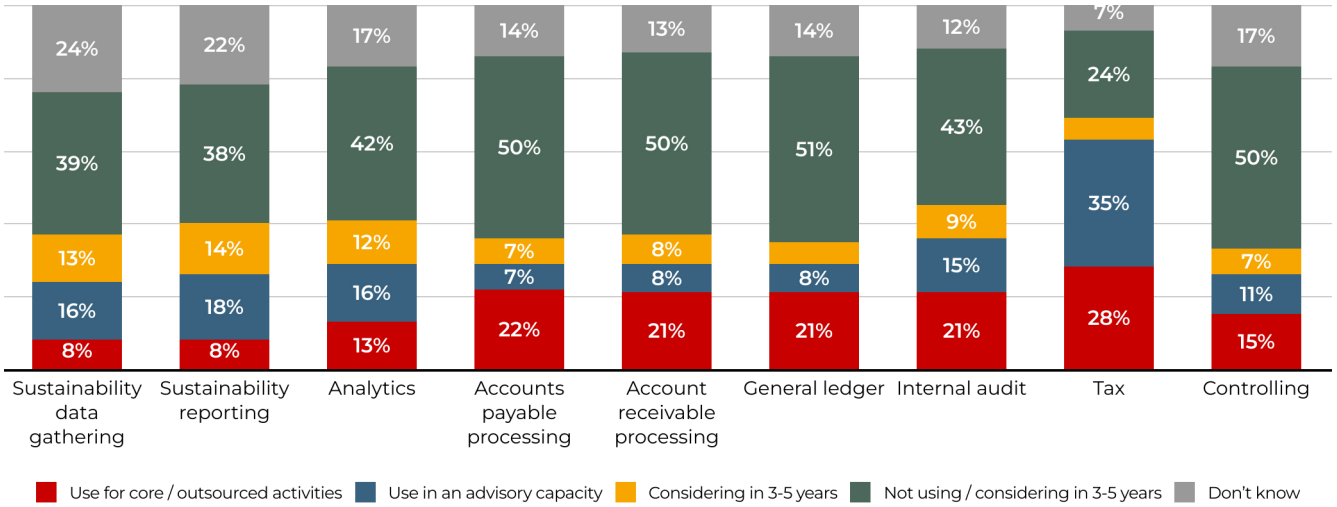
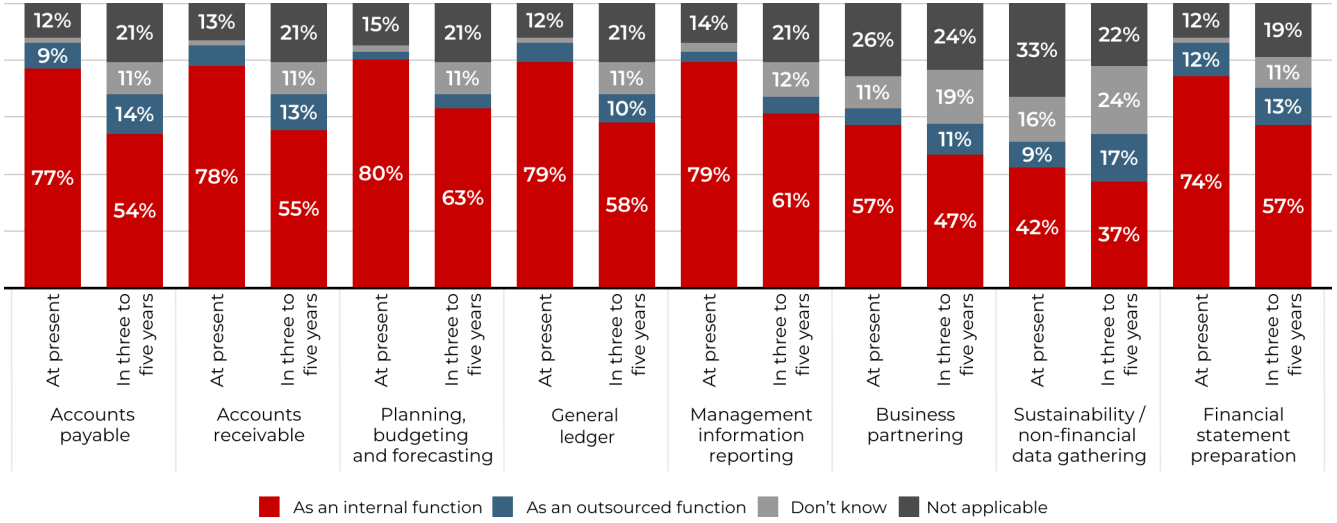


FIGURE 4.15: Which of these activities are currently undertaken, or will be in three to five years' time, by shared services within your organisation, or outsourced?



While the survey respondents indicated that for some traditional areas, such as tax and internal audit, they use third parties in meeting their organisation's needs, there is comparatively low take-up for areas such as analytics and sustainability. When asked to consider the potential three to five years hence, there is increased uncertainty in the respondents' predictions of what might be outsourced – although across the board, internal handling is predominately expected.

In determining the way forwards for the function, it should not be assumed that all the specialist areas can, or should, be covered in house. Indeed, one roundtable contributor cautioned that even the traditionally complex areas, such as tax, were themselves becoming even more complex. Rather, in developing a strategy it is important to consider what should be done in house and what can be done using third-party resources. That said, there needs to be capacity to manage the outsourced capabilities.

CORE COMPETENCIES

- Deep technical skills in relevant areas
- Third-party management skills

4.3.3 Insight and forecasting

In this domain, the action plan is to develop and maintain a real-time reporting and forecasting capability which allows the analysis of current and short-term potential performance and investigation of the root causes of the issues presented. A CFO from the UK noted that, '[the senior stakeholders] *want a strategic partner where, rather than just being a goalkeeper … they want the finance colleagues to know more about the business and how it operates and actually help them create value'.*

The challenge in developing this domain is to move it away, in capability terms, from the traditional management accounting domain into one which is more immediate and action orientated. As stakeholders increasingly self-serve, this domain is not concerned with the presentation of the information but with the integrity of the data presented and the way patterns and trends can be analysed. Techniques such as variance analysis need to be adopted as problem solving rather than reporting skills.

A CFO in Canada noted, *'we are very focused on trying to automate as much as possible. It gives us the opportunity to speed up the business. Information is timelier. It removes touch points and every time you must touch something it gives us the possibility of an error or a delay'.*

A finance leader in the UK commented on the complexity of planning, *'it is like stepping away from forecasting in the way that we all understand it and doing some quite complex scenario planning. We are moving from forecasting to scenario planning. We are seeing five different pictures and not a single picture'.*

As the production of forecasts moves away from the traditional planning cycle into a more dynamic model, so those operating in the domain need to become more conversant with scenario modelling and predictive analytical techniques. It is important that there is a detailed understanding of the various levers of the operating model to be able to solve problems and implement improvements.

CORE COMPETENCIES

- Operating model transformation
- Data analysis and manipulation
- Problem solving
- Root cause analysis
- Decision-making with incomplete information
- Model building
- Model verification
- Predictive analytics

IN DETERMINING THE WAY FORWARDS FOR THE FUNCTION, IT SHOULD NOT BE ASSUMED THAT ALL THE SPECIALIST AREAS CAN, OR SHOULD, BE COVERED IN HOUSE. INDEED, ONE ROUNDTABLE CONTRIBUTOR CAUTIONED THAT EVEN THE TRADITIONALLY COMPLEX AREAS, SUCH AS TAX, WERE THEMSELVES BECOMING EVEN MORE COMPLEX.

SEEING AHEAD: REIMAGINING COMMERCIAL FINANCE IN A DISRUPTED NEW WORLD

In an intensely disruptive business environment the past is an increasingly poor guide to the future. The role of commercial finance must pivot to refocus on analysing emerging risks and opportunities and guiding key strategic decisions, putting aside the detailed and time-consuming number crunching and cleansing that consumes so much time and energy today. So what does the future look like?

Commercial finance has long provided an important role bringing value to the business and commercial finance professionals are passionate and proud of the role they play in their business's commercial success. The sad reality today is the actual role most commercial finance professionals perform today is very far away from the one they want and need to perform.

Bogged down in budgeting

Despite advances in enterprise performance management (EPM) technology, many commercial finance professionals still spend a significant proportion of their time closing the books, preparing or updating budgets and delivering quarterly forecasts/mini re-budgets.

These cyclical processes often take between three and six months focusing too much on the rear-view mirror, offering incremental adjustments not the forward-looking strategic insight and reinvention needed today'.

Business teams need to think beyond a short-term focus on hitting monthly cost and revenue targets. *PwC's 27th Annual CEO Survey* (PwC 2024b) indicates 45% of CEOs now believe their company won't be economically viable in ten years if it stays on its current path. A CEOs real concern are the risks they can't yet see in front of them, and their real priorities are holding on to their customers, being more innovative and becoming more tech savvy without losing their best talent.

And if anything, the growing proliferation of financial information has increased the workload in this endless cycle of budgeting and reporting, leaving even less time for insight and decision support. Should this trend continue it's going to become harder and harder to attract and retain talent in this area of the profession.

Reshaped by technology

Advancement in technology, in particular Generative AI (Gen AI), promises a fundamental change in the role and focus of the commercial finance professional. While still relatively nascent, the financial analysis and forecasting capabilities of the latest generation of software demonstrates the potential Gen AI has to automate large parts of report and budget preparation and analysis, freeing up precious time as well as providing the capability to analyse huge volumes of data and identify trends at a scale not seen before. It also starts to show the potential risks from poor quality data, particularly that sourced from outside of the organisation's own direct control.

Counting what counts

So how can commercial finance keep pace with changing business demands and take advantage of the unfolding tech-enabled opportunities?

Generating market insight and foresight

Dramatically reduce the time spent poring over actuals at granular levels of detail and start driving an understanding of the market, key threats and potential opportunities.

Identifying key value drivers

Identify and provide insights on the right commercial drivers to optimise both the top and bottom lines.

Tightening cost control

Ruthlessly challenge enterprise-wide costs to strengthen margins and build organisational resilience.

Setting the right targets and measures

Drive focus on the right financial targets, metrics and key performance indicators being mindful of adaptability.

Realising tech potential

Support the business and broader finance team in adopting the right technology solutions, while working within the bounds of the data and systems available.

Future-ready and relevant

Cutting across all these priorities is the need for a bold outlook. The commercial finance professional of the future will be inquisitive, ready to challenge conventional thinking and able to unlock the full value of data and analytics.

Yes, there is a high temptation to stick with the status quo and find excuses not to change, but this is no longer viable. The commercial finance professional is at an important junction and the options are clear – be marginalised by advancing technology or embrace it as an opportunity to carry on doing what they love doing whilst staying relevant and critical to the success of their business.

Carolyn Cole,
Partner, PwC UK

Max Young,
Senior Manager, PwC UK

4.3.4 Value creation

Developing capability in the value creation domain is an extension of the existing finance business-partnering skill set, as discussed in the report *Finance Insights – Reimagined* (ACCA/PwC 2020). The core skill sets are ability to develop insights from trusted data and then being able to develop from these a story relevant to the specific stakeholders. This requires a detailed understanding of the value drivers in the organisation and how each of the capitals interacts with the others to create and deliver value. Analysing this should result in a series of measurable KPIs that combine both financial and non-financial objectives. Investment appraisal techniques need to look beyond the traditional financial return to generate value-based evaluations.

CORE COMPETENCIES

- Value-driver definition
- Business modelling
- Multi-capital performance management

THE CORE SKILL SETS ARE ABILITY TO DEVELOP INSIGHTS FROM TRUSTED DATA AND THEN BEING ABLE TO DEVELOP FROM THESE A STORY RELEVANT TO THE SPECIFIC STAKEHOLDERS.

4.3.5 Data integrity and management

With the continuing increased role of data in the organisation, the finance function needs to have the skills to ensure that it can be trusted.

A roundtable participant from the Republic of Ireland commented that, *'you need to make sure that as a function, whether we call it a data steward or data governance* [role]*, you need someone to play that role so that you are not embarrassed when you use numbers in conversations with other senior leaders in, for example, supply chain and operations, and* [finding] *coding costs and numbers which do not exist because someone in their team has pulled it from some wrong table. The way people are looking at analytics is changing'.*

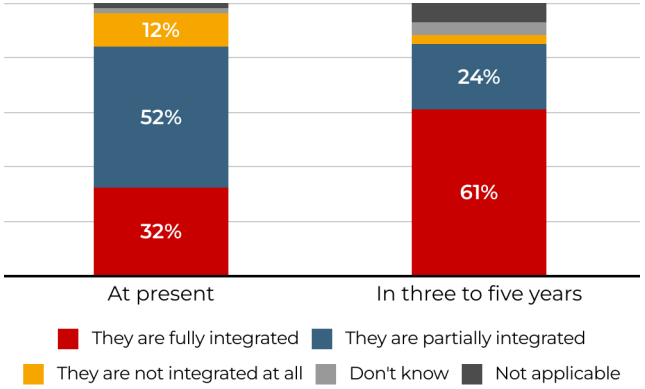
Another finance leader from the Republic of Ireland noted that, *'I do think that we need to attract in other people, because otherwise we are just looking at the data and deriving stuff from it without really being true skilled professionals in that area. So, we are diluting ourselves a little bit too much. I think we need to bring in some new talent there to be able to assist with that'.*

A finance leader based in Europe commented, *'you have risk, you have finance, and you have data and operations, and these three functions feed data everywhere, maybe all of it ends up in finance. I think you have this data officer [who is] an overarching person or function making sure that whatever is fed between* [the different parties] *reconciles'.*

A CFO from India said, *'my expectation is* [that] *I govern the organisation from a data integrity perspective. But the expectation is* [that] *I am still* [also] *able to contribute and add value and provide business insight'.*

The survey respondents were asked whether they considered that their application architecture was fully integrated at present and how this will change in three to five years' time (Figure 4.16). They indicated that there would be a progression towards integration, which is a significant step in the journey towards ensuring data integrity and management. Integrated data sets make it easier to establish trust and integrity.

FIGURE 4.16: To what extent do you consider your organisations' core applications (such as ERP / AP / AR / general ledger / sales / procurement) to be integrated at the present time or will be in 3 to 5 years?



For competency in this domain, looking outside the traditional finance remit is important in establishing the critical skill sets.

CORE COMPETENCIES

- Data management
- Data governance and strategy
- Root-cause analysis
- Data architecture
- ML and AI competence

4.3.6 Strategic consulting

At the heart of the autonomous function is the increasing importance of the CFO role in providing strategic advice in a fast-moving and rapidly changing world. This needs to be supported by a domain of those who understand how to develop and implement strategic models. The transition towards more circular and value-based economies will lead to significant changes in operating models. Developing this capability will ensure that the organisation also focuses upon the necessary longer-term decisions in addition to the traditional planning and forecasting cycles. A CFO from southern Africa commented, *'I think we are* [increasingly] *starting to see a shifting expectation around where the finance function must play a very distinct role in driving and modernising the business...we need to have a bigger picture of the macroeconomic indicators, the internal complexities, and as finance we bring everything together'.*

A CFO in the UK asked, *'how is this business operating? Have you got a good operating platform? Is it as effective and as optimal as possible? That is where I think the mindset of a good finance business, finance individual, commercial finance individual will really help'.*

Finance functions are also increasingly change agents, if not change leaders, in organisations. Having the capability within the strategic consulting domain to be able to support the agility that the organisation needs is essential. In delivering the inevitable changes the domain should include organisational and process-design capabilities, which also reflect the increasingly technology-enabled ways of working.

While many functions in an organisation may well claim to be internally based strategic consultants, it is by using the business acumen developed by accountancy and finance professionals (see Figure 4.7) and using the trusted data available to it, that the finance team can be relied on to assist the CFO and the CEO in developing, implementing, and monitoring the organisation's strategy. Given the factors outlined in Chapters 1 and 2, the organisation will need to revisit and revise its strategy frequently, so a flexible and highly skilled team will be needed. Having the right performance indicators, many of which are not directly financial, is essential to becoming an autonomous function, enabling the organisation to tackle problems pre-emptively.

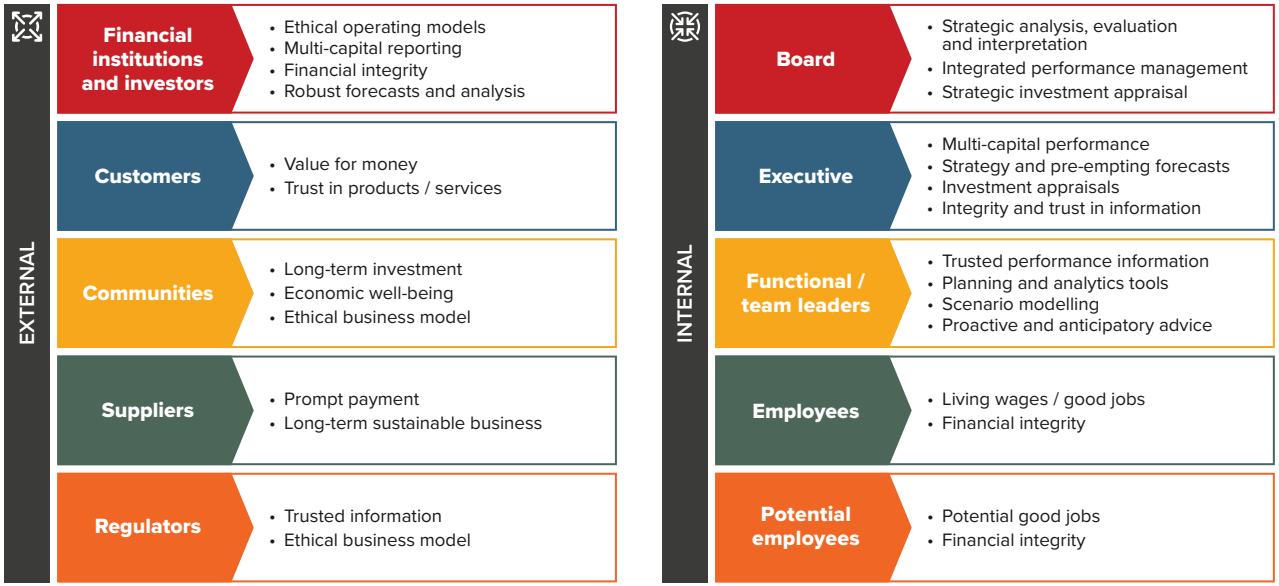
CORE COMPETENCIES

- Strategy definition
- Performance management
- Organisational change management
- Innovation and creativity
- Stakeholder management
- Organisational and process design

4.4 The value case for finance function

The traditional approach to investment appraisal, whereby one looks for a positive rate of return over a set payback period, is increasingly being questioned.[13] A more enlightened, autonomous, approach may be to look at the value that is created from the investment, or the activities of the function or team. Over one-third of the survey respondents said that the finance function was a cost and could not articulate the value that it created (Figure 4.3). To achieve its ambitions for 2030, the function's leadership needs to articulate the value that the function adds and be able to measure the impact of its activities accordingly. Figure 4.17 provides a simple value model for the function which may be adapted to suit particular circumstances. It considers two groups of recipients of value from the function: external and internal groups.

FIGURE 4.17: Simple value case for the finance function, by stakeholder



13 ACCA / CA ANZ / Generation CFO 2021 discusses this issue and advocates a more continuous approach to value measurement.

Conclusion

> *'Whatever changes there may be in the business model, whatever the economy may be, there will always be a need for a finance role'.*
> **CFO based in Malaysia**

That there will always be a need for a finance team in an organisation is not questioned. But is that team valued by its stakeholders or seen as potentially irrelevant or out of touch? It must continue doing what it currently does well. Doing new things conjoined to existing roles equally as well is equally not an option.

It is often said that we live in a data-driven world. The explosion of the types and volumes of data that organisations can access has dramatically changed the way that they operate. With increasing speed of technological advances, the potential for becoming obsolete increases. The finance function can add so much from its existing skill set and even more by embracing these advances, and must not waste these opportunities.

The future of the finance team is as the provider of trusted information across the organisation and to external stakeholders, facilitating rapid and informed decision making. The world is changing and the five years towards 2030 are likely to be very different in character to the previous ten. The world faces three significant challenges: demographic change, a climate emergency and the increasing development and successful use of AI. Singly, each of these might cause organisations to rethink, but in combination they redouble the need to be forewarned and prepared. The role of the finance team in that process is fundamental, guiding appropriate decision-making and monitoring the success of the strategies implemented.

Each of the three significant challenges directly affects the function itself. To be ready to be autonomous, the function needs to develop and acquire new skills; to embrace new technologies and to manage the data integrity associated with them; and to play its part in remodelling the organisation for a sustainable future. Similarly, the finance team needs to remodel itself across a series of domains to ensure that it is efficient and effective. Investing now, at a time of uncertainty, may well be challenging, but it is also essential.

Sitting back and doing more of the same is not an option. There are five years to reinvent the finance team for the challenges ahead.

To ensure that this is achieved, there are three key messages from this report.

- The finance function needs to focus on the delivery of long-term value creation as well as short-term profit maximisation.
- The role of the function is to create trust in information and decision making in their organisation's ecosystem and among respective stakeholders, in a changing world where trust is at a premium.
- The successful function embraces new, agile, skill sets, career paths and capabilities to ensure that it fulfils the broader role required of it by its stakeholders and continuously reinvents itself while maintaining its fundamental values and regulatory functions.

Grasping the opportunities for the finance function of 2030 needs to start now. The pathway is an exciting one.

Appendix 1 –
Sample new role job descriptions

The following tables provide sample job descriptions for new roles that are emerging in finance functions. The descriptions are intended for guidance only and will require adaptation for individual circumstances.

TABLE A1: Sustainability / ESG controller

SUSTAINABILITY / ESG CONTROLLER	
RESPONSIBILITIES	■ Act as the subject-matter expert on the latest reporting rules and guidance on sustainability-related disclosures and other ESG matters, including carbon accounting. ■ Monitor, assess and communicate to senior leaders the implications of new standards for the organisation's financial statements and other external reports. ■ Work closely with cross-functional teams (including but not limited to sustainability, legal, and internal audit teams) to build robust and auditable disclosures on climate and other ESG-related matters and ensure such disclosures are being captured and reported in a timely manner in the organisation's financial statements and other external reports. ■ Engage with cross-functional teams to assess and document the technical accounting considerations for new transactions and projects. ■ Manage the ESG budget and resources, ensuring they are used efficiently and effectively. ■ Establish strong processes to prepare and review climate and other ESG-related disclosures and ensure information is accurate, complete and in compliance with regulatory requirements and reporting standards, as applicable. ■ Act as a liaison between finance, sustainability and legal functions to establish proper controls for sustainability and other ESG-related disclosures. Help different functional areas to implement new business processes, data gathering, reporting and protocols. ■ Ensure appropriate documentation and performance of internal controls over financial reporting in accordance with the US Sarbanes–Oxley Act (where applicable) and similar requirements. ■ Assist with the preparation of related filings and other regulatory and subsidiary financial statements, as needed. ■ Keep abreast of relevant regulatory requirements/standards and industry developments (EU Taxonomy, XRD, ISSB, CSRD, UK TCFD, SDR, UK Green Taxonomy, best practices from the industry and appropriate vendor applications) and become familiar with ESG/sustainability reporting through implementation. ■ Work with the organisation's internal and external auditors to ensure an efficient and effective audit process.
PRIOR EXPERIENCE	■ Qualified accountant ■ Advanced knowledge of generally accepted accounting principles (GAAP) and (where appropriate) the US Securities and Exchange Commission (SEC) financial reporting and disclosure matters. ■ Strong process-design skills. ■ Ideally, experience with greenhouse gas accounting software and tools. ■ Familiarity with sustainability-related disclosure standards, data controls, and third-party assurance processes. ■ Strong interpersonal and stakeholder-management skills, with excellent written and verbal communication skills. ■ Detail-oriented, deadline-focused and able to manage multiple projects simultaneously. ■ Embraces diverse people, thinking and work styles.

TABLE A2: Algorithm auditor

ALGORITHM AUDITOR	
RESPONSIBILITIES	■ Assess AI systems for any technical or ethical problems. ■ Ensure accuracy and compliance. ■ Evaluate algorithms, models and data streams. ■ Audit data sources, including internal and external sources. ■ Conduct analysis of operations, results, and even unexpected outcomes. ■ Monitor structured and unstructured data. ■ Scrutinise data use and data privacy practices. ■ Collaborate with AI ethicists to help ensure accurate and objective results.
PRIOR EXPERIENCE	Has advanced knowledge of AI technologies, including: ■ ML algorithms ■ NLP, and ■ computer vision.

TABLE A3: Robotic process automation controller

RPA CONTROLLER	
RESPONSIBILITIES	■ Support and administer the day-to-day running of automation processes in the live environment. ■ Schedule and run processes, ensure the stability of the IT environment, investigate any issues in the live processes, and raise change requests or support calls where required. ■ Promote bots to the Production environment. ■ Undertake daily administration of the live environment (running processes, maintenance of virtual machines and licences, viewing logs, etc.) ■ Drive the resolution of the issues related to bots by engaging developers, SMEs, business analysts, etc. ■ Act as contact point for the business teams for raising issues, ensuring effective communication. ■ Communicate with the vendors of technologies and the development team on software-related issues, suggesting improvements to establish a robust automation environment. ■ Develop and maintain an Automation Centre of Excellence Dashboard and KPIs that enable the monitoring of use and capacity of the technology and other resources, and the efficiency and effectiveness of processes for which automation has been released, including verification of particular business cases. ■ Support the delivery team with Visual Basic development if required. ■ Maintain and document the internal control environment.
PRIOR EXPERIENCE	■ Advanced knowledge necessary for defining the business need for automation. ■ Advanced knowledge of programming bots. ■ Strong process-mapping and design skills. ■ Experience in implementing internal control frameworks using automation technologies. ■ Strong problem-solving skills.

TABLE A4: Data scientist in finance

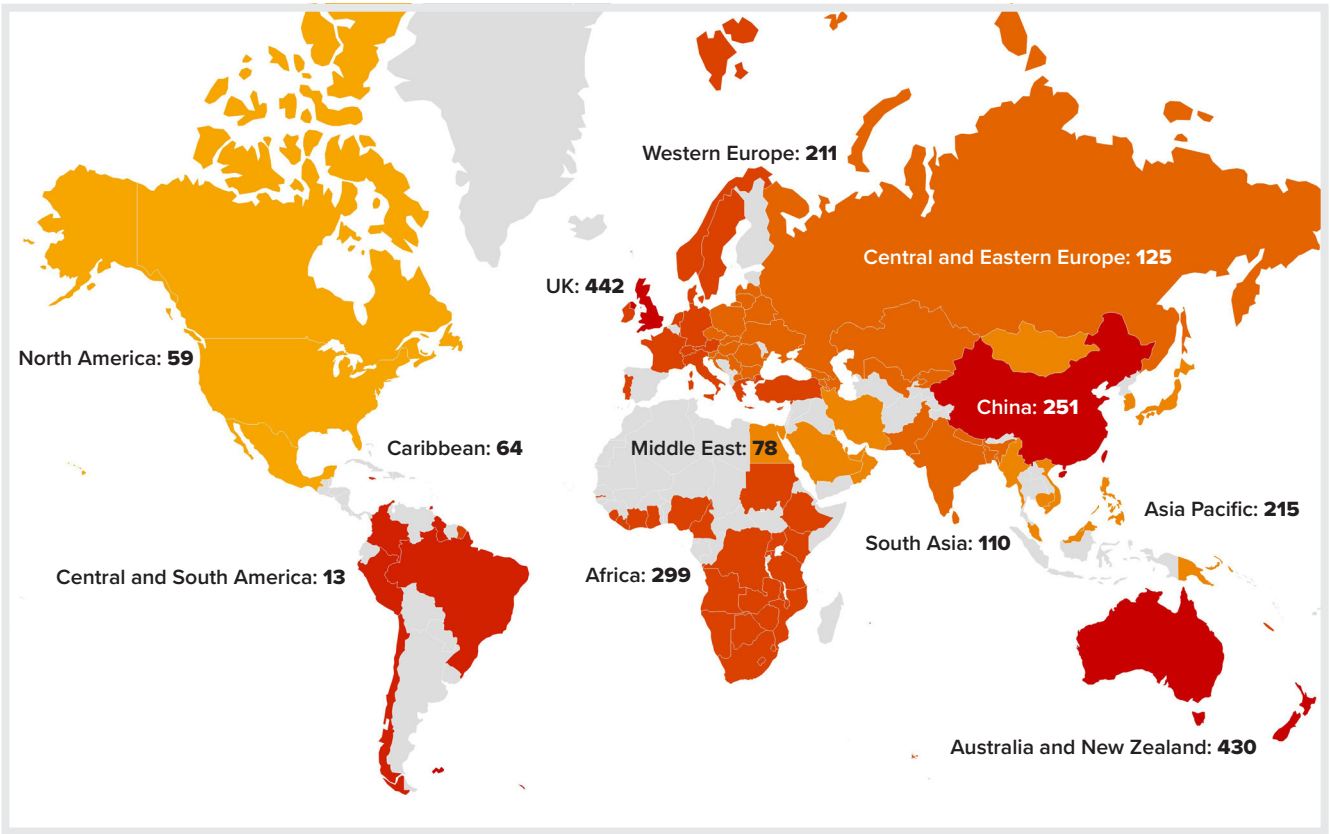
DATA SCIENTIST IN FINANCE	
RESPONSIBILITIES	■ Use risk analytics: using predictive modelling, forecasting, and scenario analysis to manage portfolio risk. ■ Apply quantitative methods: perform statistical, mathematical, or numerical analyses of data from polls, surveys, or manipulate pre-existing statistical data computationally. ■ Undertake hypothesis testing: taking a testable hypothesis based on observed data and testing to determine whether an effect is statistically significant. ■ Apply linear regression techniques: using an (assumed) linear relationship to model relationships between two or more variables. ■ Apply volatility estimations: estimate and model the degree of variation of financial data series. ■ Undertake time-series analysis: apply statistical techniques to sequences of numerical data points (from the same series) observed over time. ■ Use simulation methods, such as statistical methods that analyse the execution of a model that imitates the operation of a real-world process or system over time. ■ Perform valuations: estimate the current (or projected) worth of an asset or a company. ■ Undertake data wrangling such as the cleaning, structuring and enriching of raw data into a desired format for analysis and modelling. ■ Use ML models, such as statistical models that estimate real-world relationships, whose parameters are learned over time as more data becomes available. ■ Apply deep learning models a such as a subset of ML models, including neural networks with more than two hidden layers.
PRIOR EXPERIENCE	■ Advanced knowledge of programming languages: SQL, Python, and R for data query, statistical computing, graphics. ■ Data governance experience. ■ Financial accounting knowledge. ■ Strong process mapping and design skills. ■ Experience in implementing internal control frameworks using automation technologies. ■ Strong problem-solving skills.

Appendix 2 –
Survey demographics

The following provide an overview of the composition of the **2,300** responses to the survey conducted in February and March 2024.

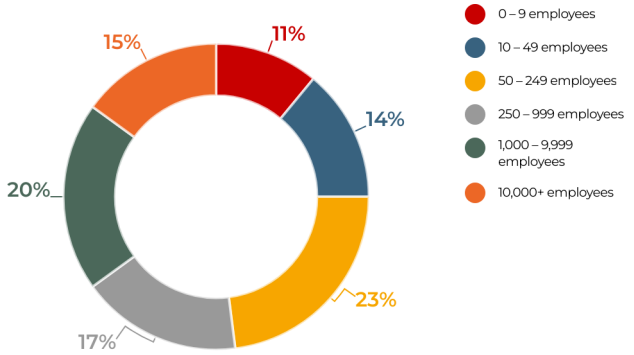
Analysis of responses by region

FIGURE A1: Analysis of survey responses by region



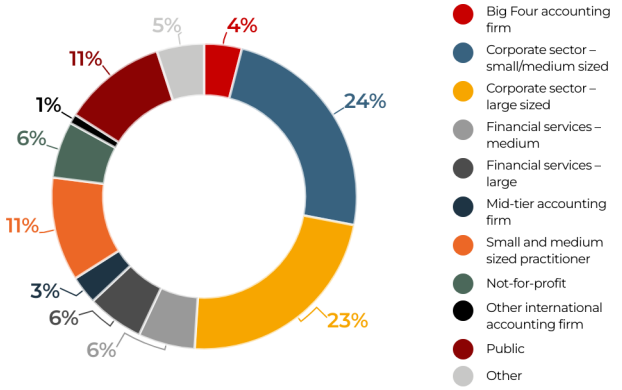
Analysis of responses by organisation size

FIGURE A2: Analysis of responses by organisation size



Analysis of responses by sector

FIGURE A3: Analysis of responses by sector



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