

Tradeshift®

How top-performers tackle digital transformation in finance



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Building your transformation blueprint

When done well, finance automation and digital transformation programs help shared services excel in ways that are inspiring, exciting, impressive and highly rewarding, helping businesses to strike a balance between cost-reduction and productivity gains.



Yet many digital finance transformation programs fall short.

The projects are added to the list of failures. Money is wasted, reputations are damaged and down-beat culture sets in.

Together with our friends at sharedserviceslink, we asked senior finance leaders to share their perspectives on what they view as the key drivers and desired outcomes they're looking to achieve by investing in automation.

We asked them how far they are on their transformation journey, the barriers they have encountered along the way and identified the common traits shared among the most successful projects.

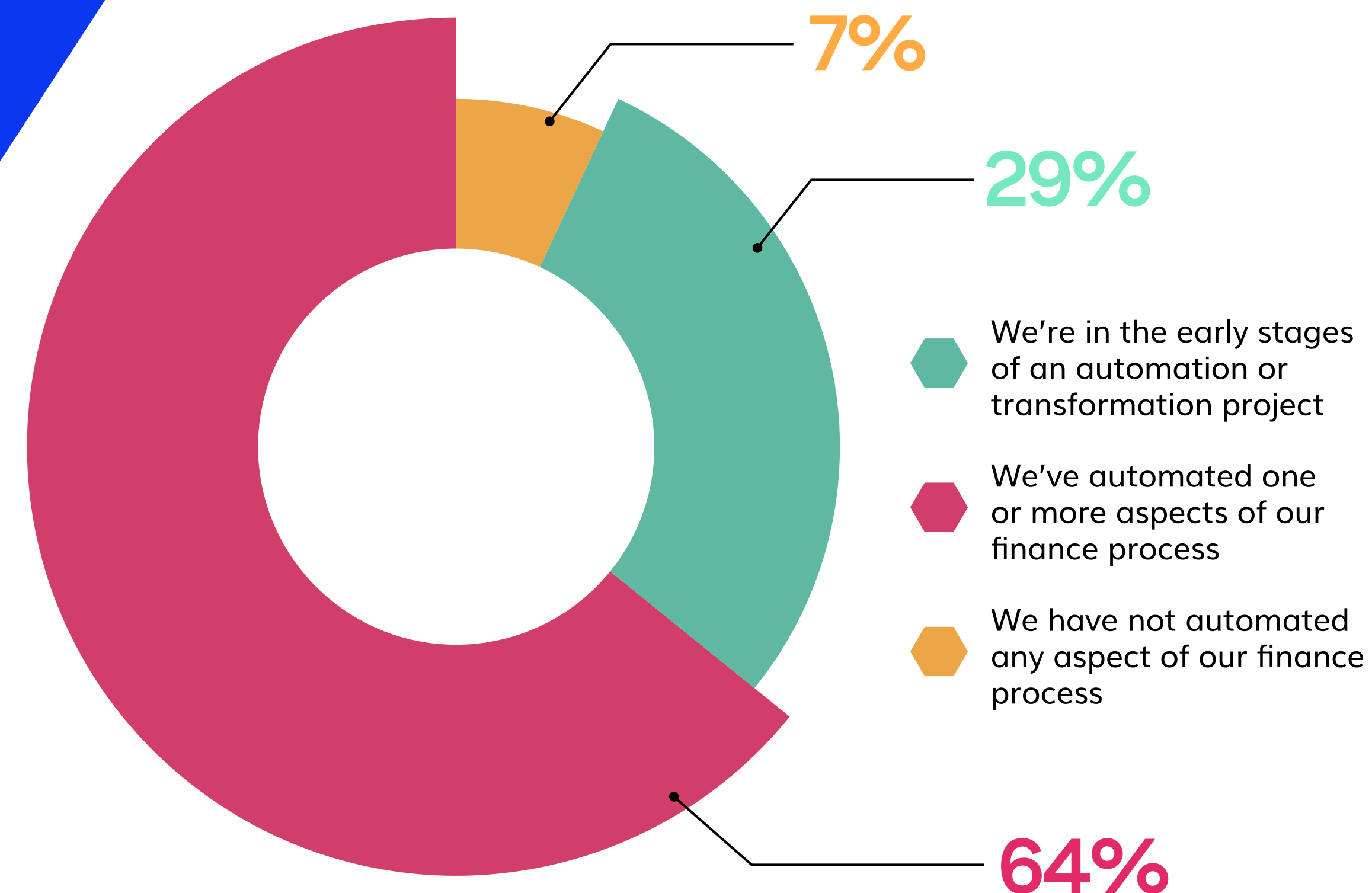
Let's dive in.

Message received and understood (for the most part)

There's near-unanimous acceptance among senior finance decision-makers over the need to transform and the pivotal role that automation has to play as an enabler in this process.

Two thirds of businesses have started, or completed a finance transformation project in the last five years. Another 29% are in the early stages of an automation or digital transformation project.

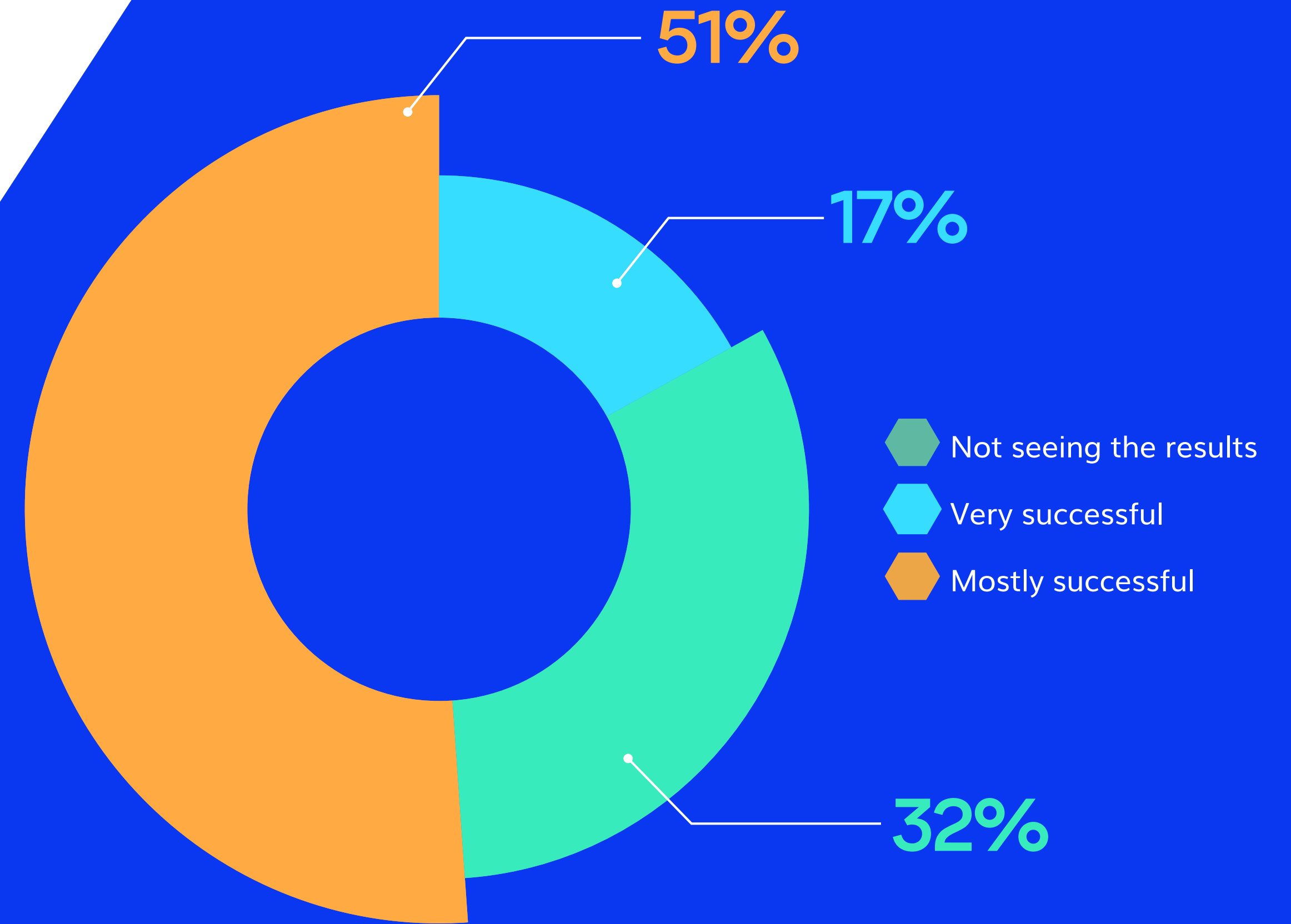
How far have businesses progressed on their
finance transformation journey?



Expectation meets reality

Those that have progressed furthest are generally satisfied with what they've achieved. But around a third of respondents haven't seen the results they wanted.

How satisfied are you with the outcome of your transformation project to date?



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For any transformation to be successful, you have to align strategy, people, and culture. Most organizations are strong on the strategy part, but where they tend to fall down are on the people and culture elements.

Businesses will spend time and effort creating transformation strategies that work well on paper, then they'll fail to ladder those strategies down into the everyday actions that will change the behaviors of people.



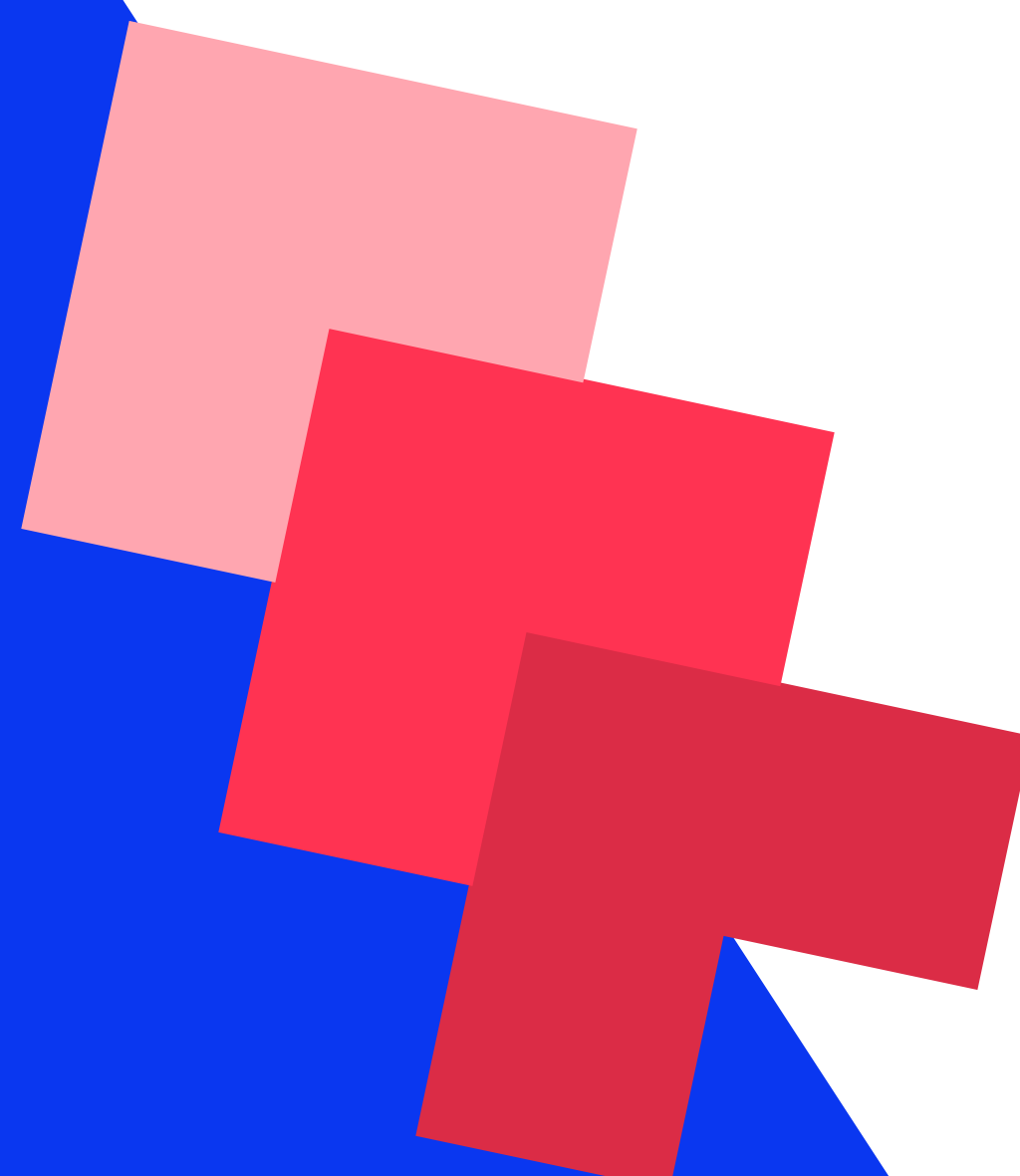
Atholl Duncan
Chair, Black Isle Group



Take a look at our interview with Atholl Duncan for a closer look into successful finance digital transformation projects.

Transformation bear traps

Four key factors emerged as the key challenges
leaders felt were the most significant barriers
to successful transformation



- 1 Processes are too fragmented to automate
- 2 Teams are resistant to changing ways of working
- 3 Functions work as silos - collaboration is weak
- 4 Data needs fixing before automating

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Wherever possible, businesses must try to slay the dragon of believing their requirements will always be unique. Sure, some customization may be required here and there, but that should remain relatively rare.

If you're serious about transformation, you need to show flexibility when best practice-based technology solutions can deliver the balance of what's essential and address company-specific requirements.



Philip Peck

Vice President, Finance Transformation & Advisory Services, Peloton Consulting



In an exclusive interview, Philip Peck shares insights on how finance departments can spearhead successful digital transformation projects.





Top-performers: the secret to their success

Any process change in a large organization will likely face its fair share of potential obstacles. Some can cause delays to a broader transformation initiative, others can derail a project entirely.

Anticipating potential challenges and having a plan to address them will have a profound impact on the extent to which the outcomes of your project deliver the results you want.

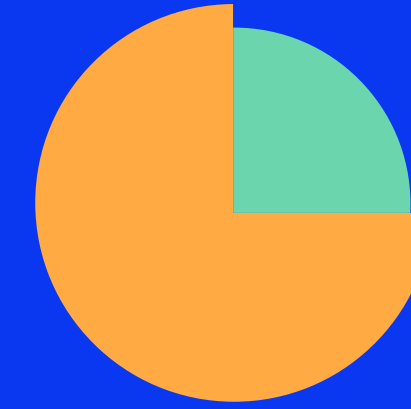
Leaders who saw the best results displayed **five common traits** in terms of their approach.

1

Focused on the value add

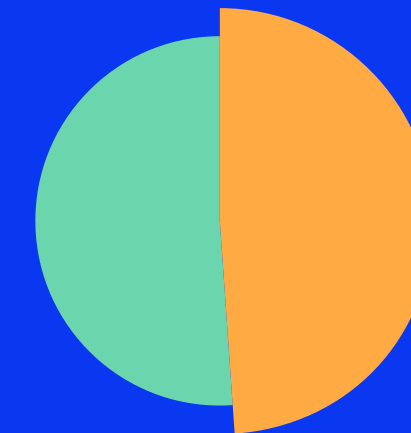
Cost-savings should absolutely be part of the overall value proposition around transformation, But the bigger opportunity is to have the finance function take on more value-adding tasks as the technology around them transforms the day-to-day activities.

Three-quarters of transformation leaders said that moving their function from transactional processing to value-adding activities was the main driver for investing in automation. Of this group, only 20% listed headcount reduction in their goals.



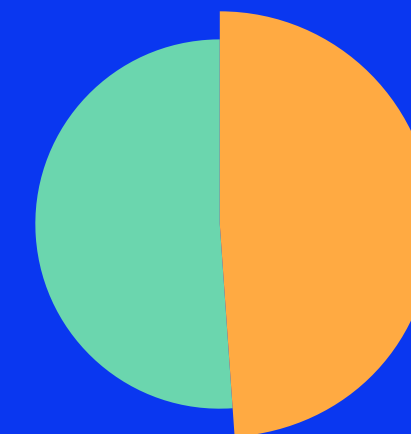
75%

are targeting a transition to value-creating activities



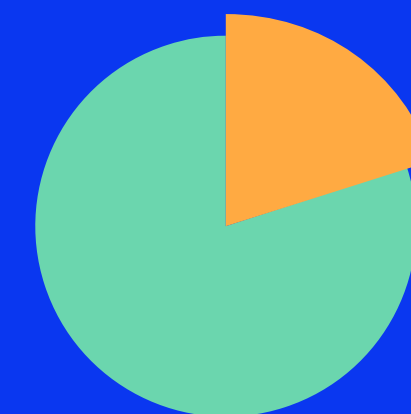
49%

list cost savings among their key transformation objectives



49%

are looking to make finance processes more scalable



20%

of leaders targeting value-add also listed headcount reduction in their objectives



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We see success from various perspectives. On the qualitative side, we look at the quality of our relationships with suppliers and our ability to collaborate effectively. Today, we have one harmonized process that makes it easy for suppliers to work with us.

When we talk about KPIs, I also look at this as ‘Keep People Inspired.’ Our finance colleagues can now really focus on their key tasks, such as exception handling and driving more automation, rather than spending their days scanning paper invoices.



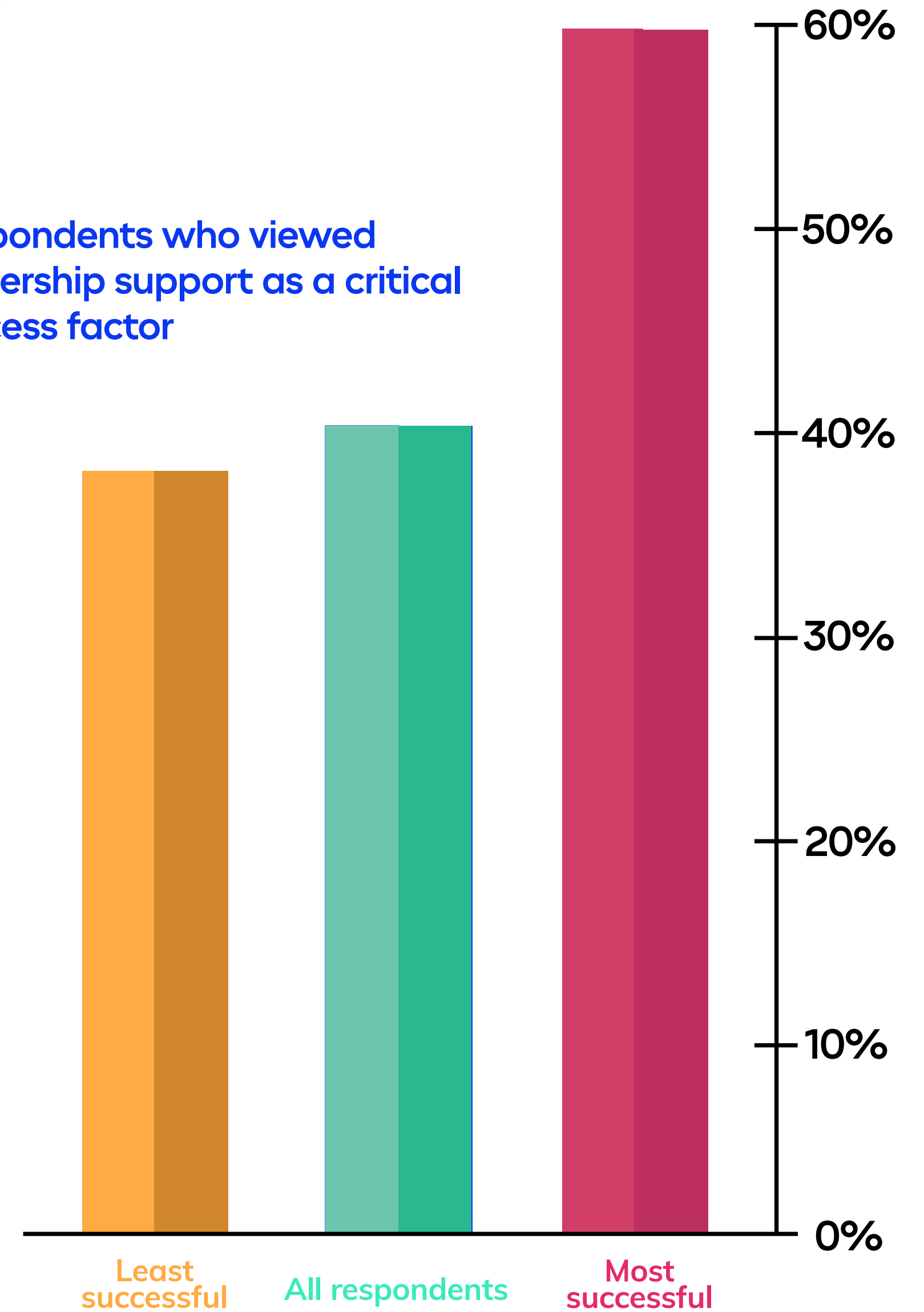
Tobias Kundmüller
Professional Process Manager
Schaeffler Group

2

Backing from the top

Convincing people to make a change is one of the most challenging aspects of any transformation, so it pays to have the support of a strong mandate. Securing leadership buy-in early on in the process was the most common critical success factor in driving broad buy-in for transformation initiatives. 60% of the best-performing projects listed this as a critical step in their journey.

Respondents who viewed leadership support as a critical success factor





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Get support from higher management upfront. Without it, you cannot come up with a strong message to the people who will ultimately be affected by these changes.

A big part of my job now is what I call internal (and external) marketing. This is a long-term change management process, so you need to be engaging with teams on a regular basis to reinforce your message. Credibility, clarity, and perseverance are your biggest assets.

Benedikt Z,

Head of e-invoicing projects at one of the world's largest logistics companies



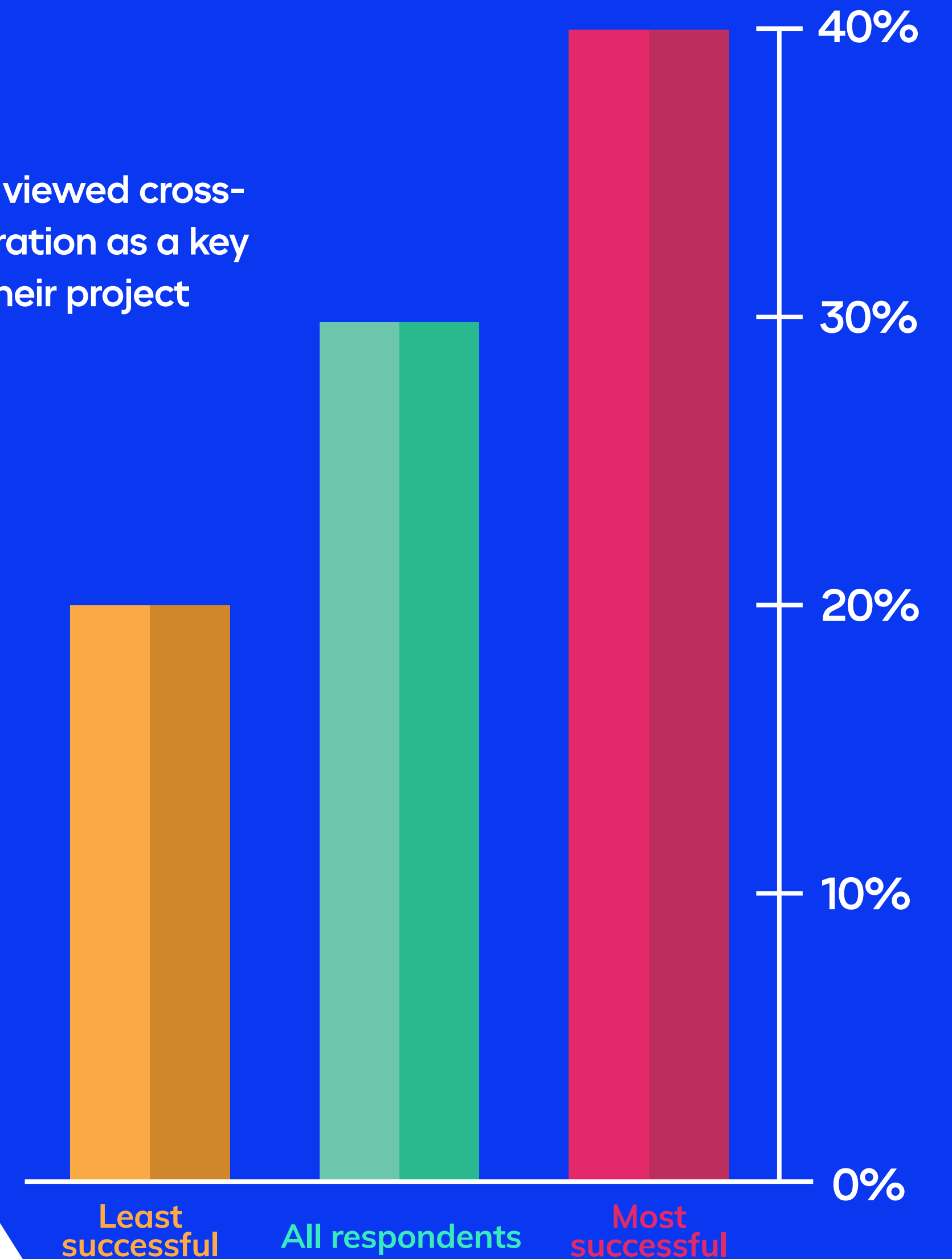
Read our interview with Benedikt to discover how senior executives can be used to drive understanding and adoption of e-invoicing.

3

Collaborative by design

Fragmentation is a recurring feature in shared services environments where many organizations have separate systems for different aspects of the P2P process. According to McKinsey, financial transformation projects that look cross-departmentally are 1.5x more likely to succeed than those that are narrower in scope. The most successful projects followed a holistic approach, establishing cross-functional collaboration early on.

Respondents who viewed cross-functional collaboration as a key success factor in their project



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We often see businesses taking a kind of ‘whack-a-mole’ approach to digital transformation across different areas that will ultimately be expected to collaborate.

As organizations move to a future where everything is digital as a default, you need to flip that mindset and start thinking about platforms that can integrate with a variety of discrete and legacy systems you already have in place, connecting that whole set of departments end to end. CFOs have an important role in galvanizing different stakeholders around a common vision.



Michael Creeden

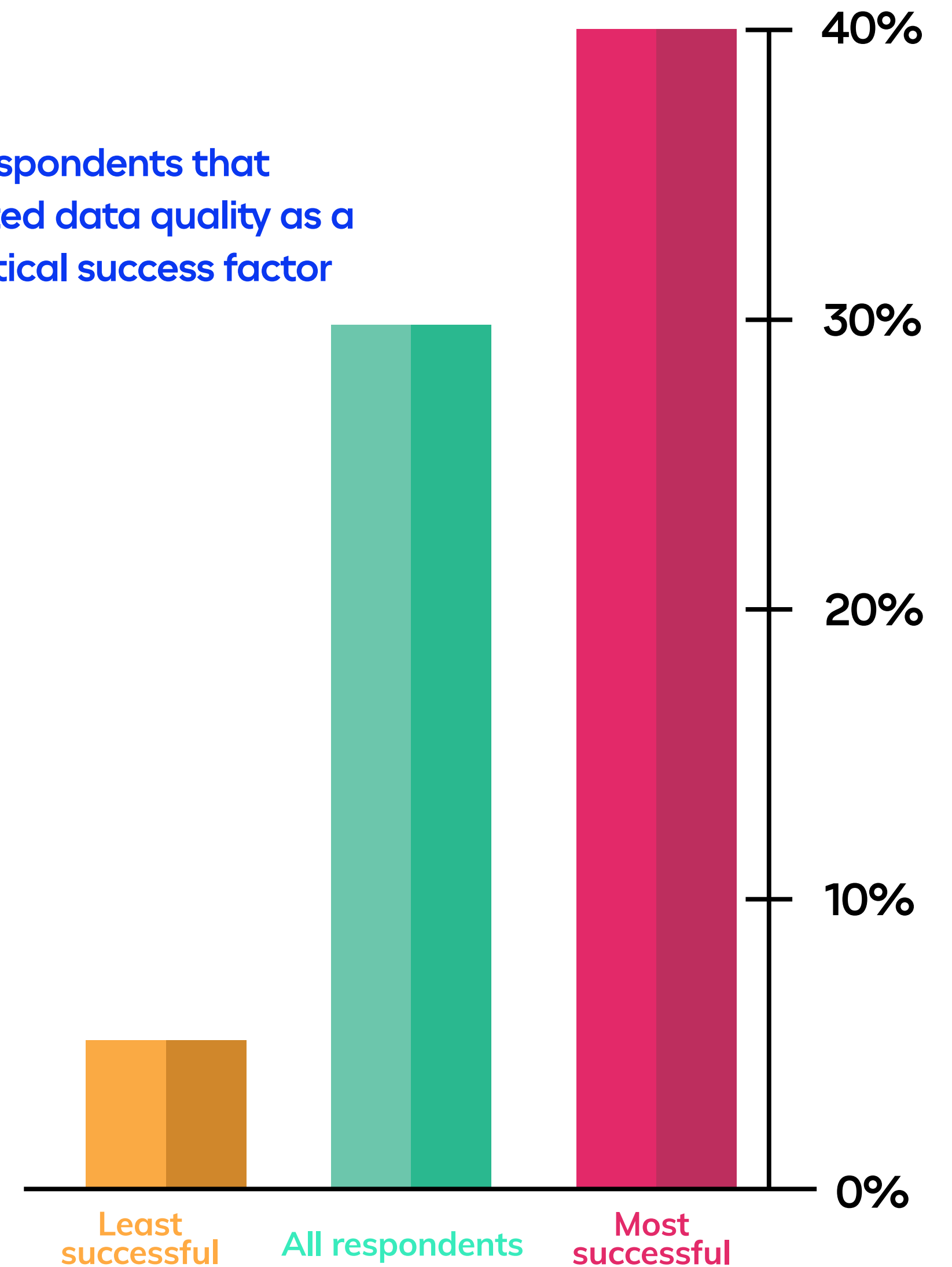
Manager, Solutions Consulting
Tradeshift

4

Automation-ready data

Automation relies on structured and standardized data. The most successful leaders were the most likely to focus on addressing data silos, cleansing existing data sets, and eliminating manual data entry tasks to ensure they were building from a single source of truth. The least successful projects had largely failed to prioritize establishing a core of reliable and accurate data.

Respondents that listed data quality as a critical success factor





Out-of-date or inaccurate vendor master data is a good example of the kind of data issues that can quickly **derail a broader transformation**. It is not uncommon for a business to hold 20 or more different records that point to a particular company.

We put a great deal of emphasis on helping organizations to 'clean up' vendor information, using machine learning to clean data by recognizing duplicates and identifying missing or erroneous data.

What we are good at is creating a starting point for businesses to become 'digital by default.'



Gert Sylvest
Co-Founder
Tradeshift



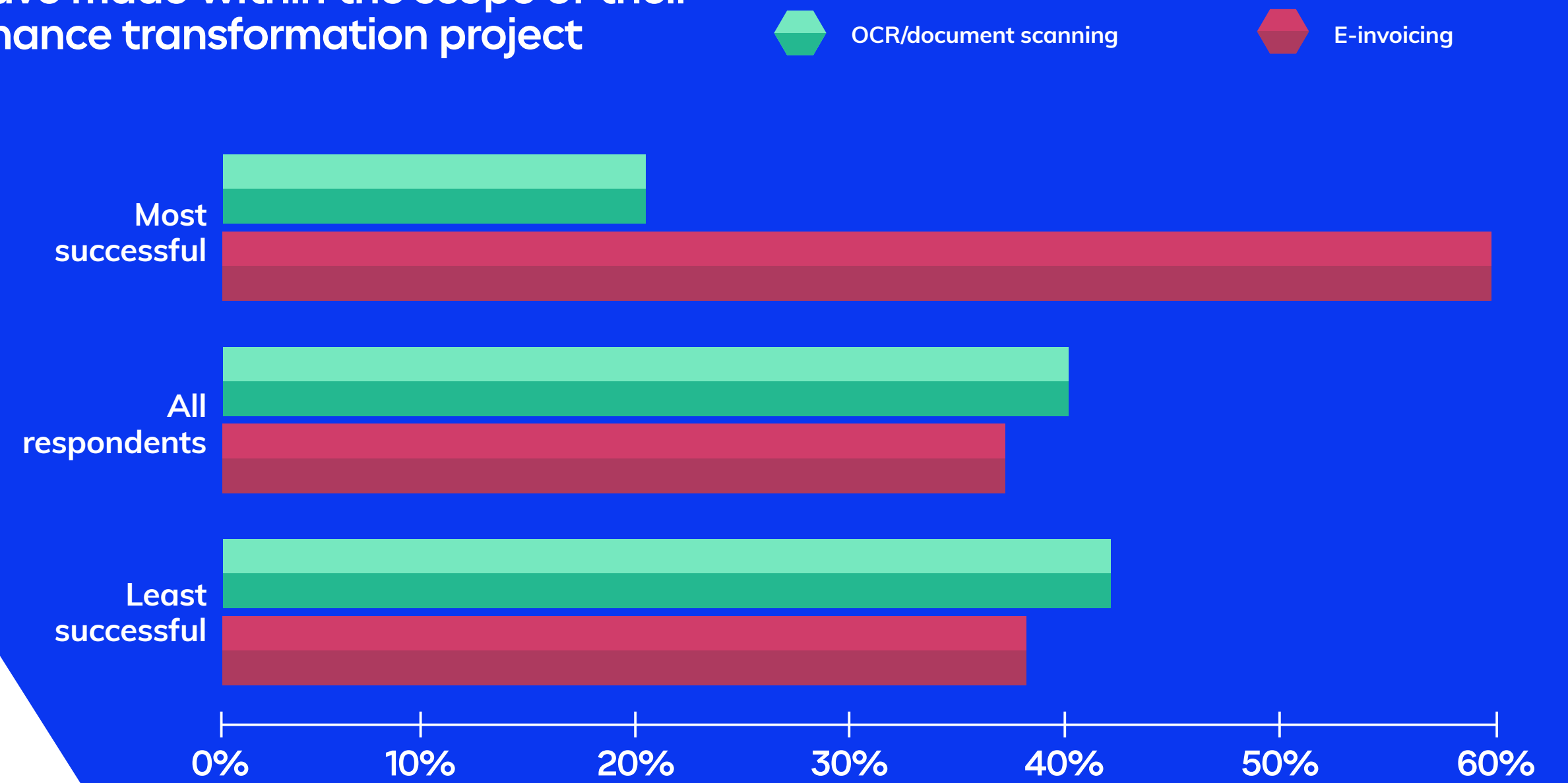


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Digital by default

Successful finance transformation leaders recognize that addressing the twin challenges of process fragmentation and unreliable data requires a fully digital solution. 60% of the most successful transformation projects had already implemented e-invoicing as part of their scope. Among the projects that failed to deliver against expectation, OCR was the most common invoice capture method.

Technology investments respondents have made within the scope of their finance transformation project



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Whenever we speak to enterprise leaders, it's obvious that there is still a fair amount of education to be done regarding what 'digital by default' really means.

“Senior leaders and department heads often tell us we're wasting our time as they are already '100% digital.' What they mean is that they're using OCR to turn paper documents into electronic proxies. These scanned documents might be 'electronic,' but they're really just reams of unstructured data that negate the effectiveness of automation.



Michael Creeden

Manager, Solutions Consulting
Tradeshift

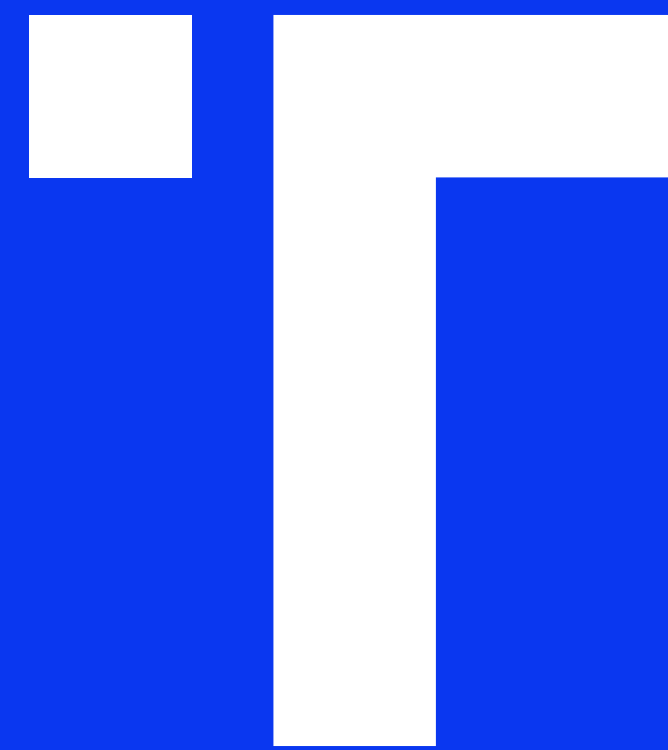
Investing in automation is a fundamental driver for cost-savings and value-adding tasks, so it's essential to have the right partner to support you.

Take advantage of Tradeshift's expertise and digital solutions to address fragmentation and unreliable data, and drive your organization forward.

Get in touch today.

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About Tradeshift

Tradeshift is the cloud-based supply chain platform that transforms the way B2B buyers and sellers connect, transact and trade. We're a leader in e-invoicing and AP automation, offering full international compliance in 50+ countries, including China. We're also an innovator in B2B marketplaces and embedded fintech services that bring value, opportunity, and growth to any business that joins the network. Headquartered in San Francisco, Tradeshift's vision is to connect every company in the world, creating economic opportunity for all. Today, the Tradeshift platform is home to a rapidly growing community of buyers and sellers operating in more than 190 countries.

Find out more at:
www.Tradeshift.com