

CFO insights from the IBM Global C-suite study



New dynamics put new pressures on CFOs

Regulatory environment

- Higher levels of transparency
- New cybersecurity / information security regulations
- Focus on corporate governance

75% of security breaches are driven by financial motives (Verizon)



Uncertainty and volatility

- Uneven economic recovery
- Growing shareholder expectations
- Changes to currency and financial institutions
- Globalisation and demographic shifts

"...growth and job creation are still too weak. New risks are arising while several old risks remain." (IMF)

Business model innovation

- Changing nature of transactions (e.g., mobile)
- Partnering for speed
- Growth in emerging markets
- Cash-rich balance sheets

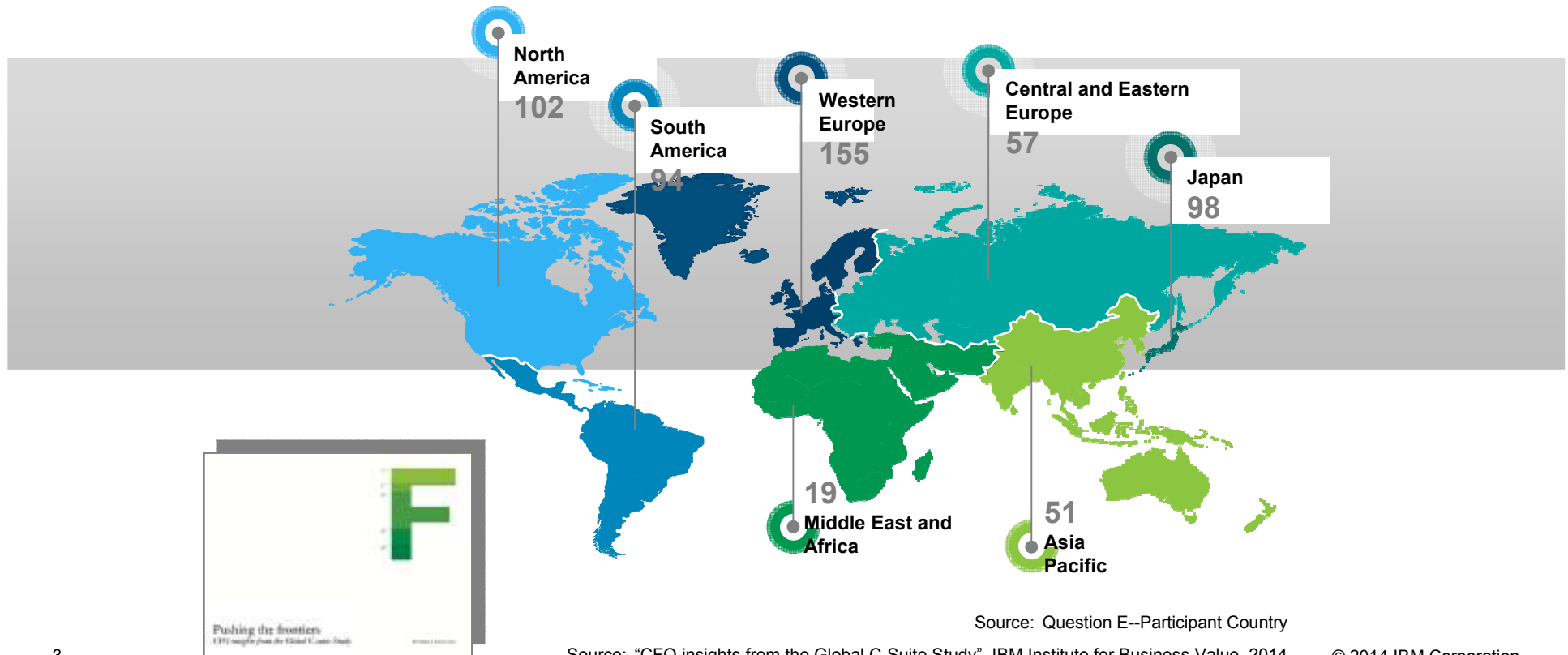
In the U.S., non-financial companies have a record \$1.45 trillion in cash (Forbes)

IBM Finance Forum 2014

Business foresight. Future ready.



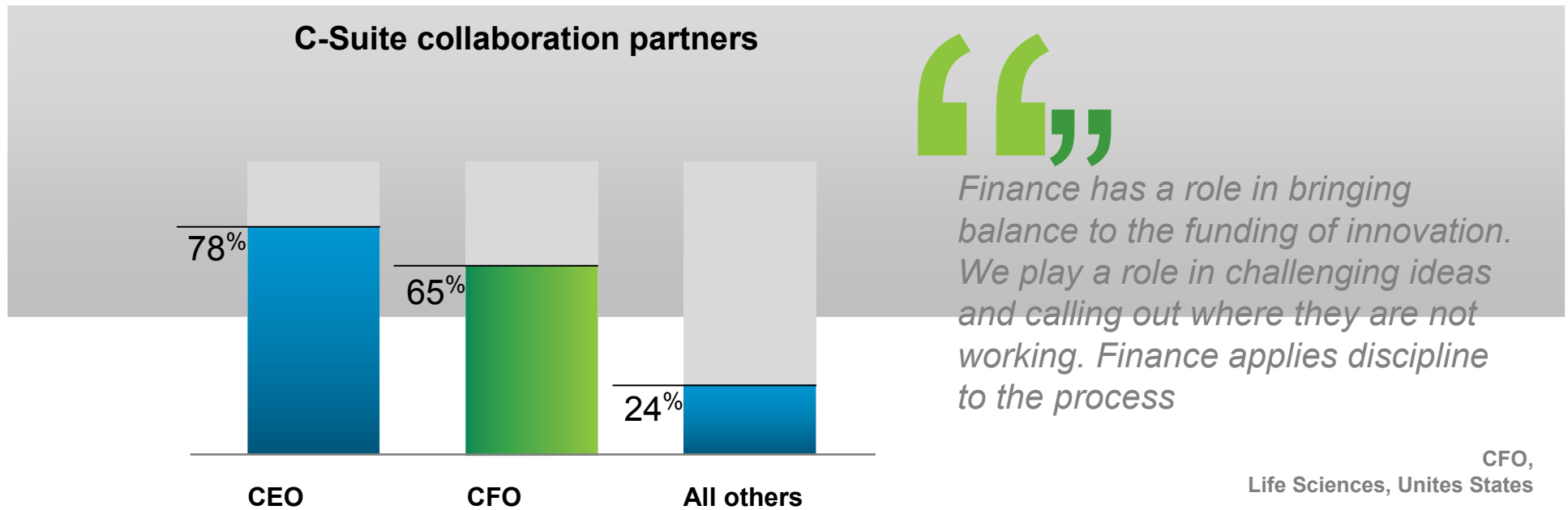
IBM interviewed 576 CFOs from around the world



Contents

- **The evolution of the CFO**
- Revisiting the 2010 Global CFO Study: Value Integrators
- Pushing the frontier: Performance Accelerators
 - Perfecting finance efficiency
 - Capitalising on business insight
 - Creating profitable growth

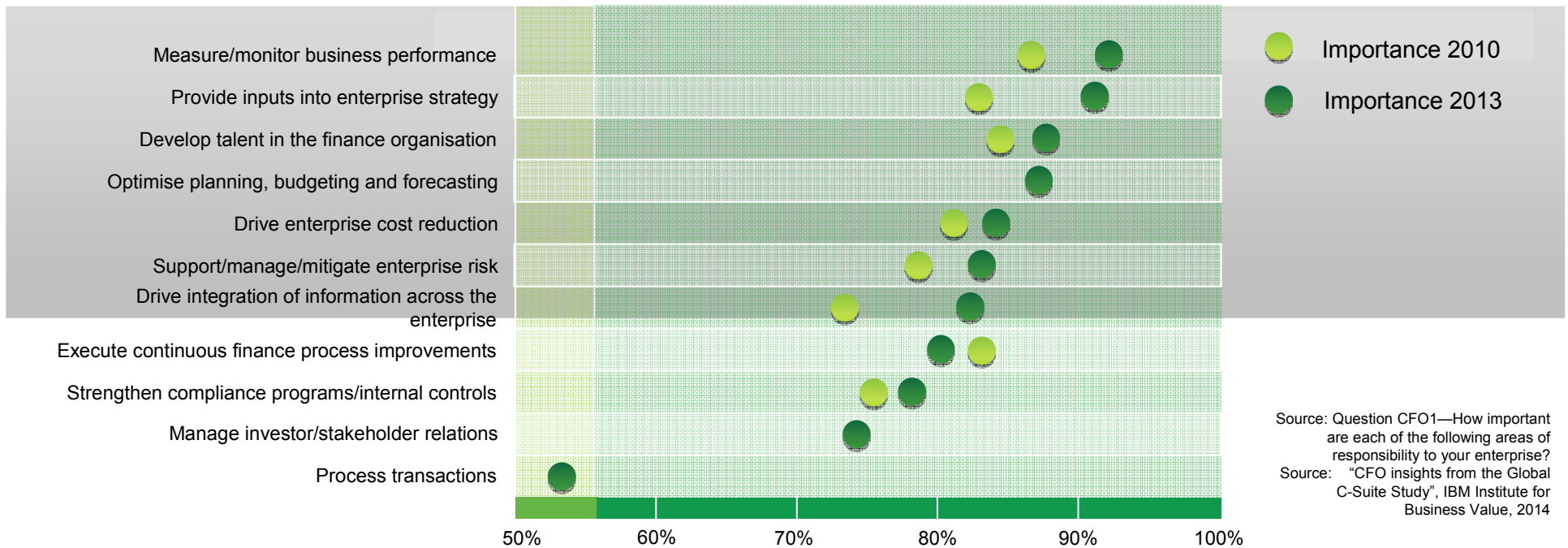
CFOs rank second only to CEOs in collaborative C-suite influence



Source: “CFO insights from the Global C-Suite Study”, IBM Institute for Business Value, 2014
Source: Question B6--Which of your C-suite peers do you work most closely with in support of the enterprise?

Almost all aspects of a CFO's role have increased in importance

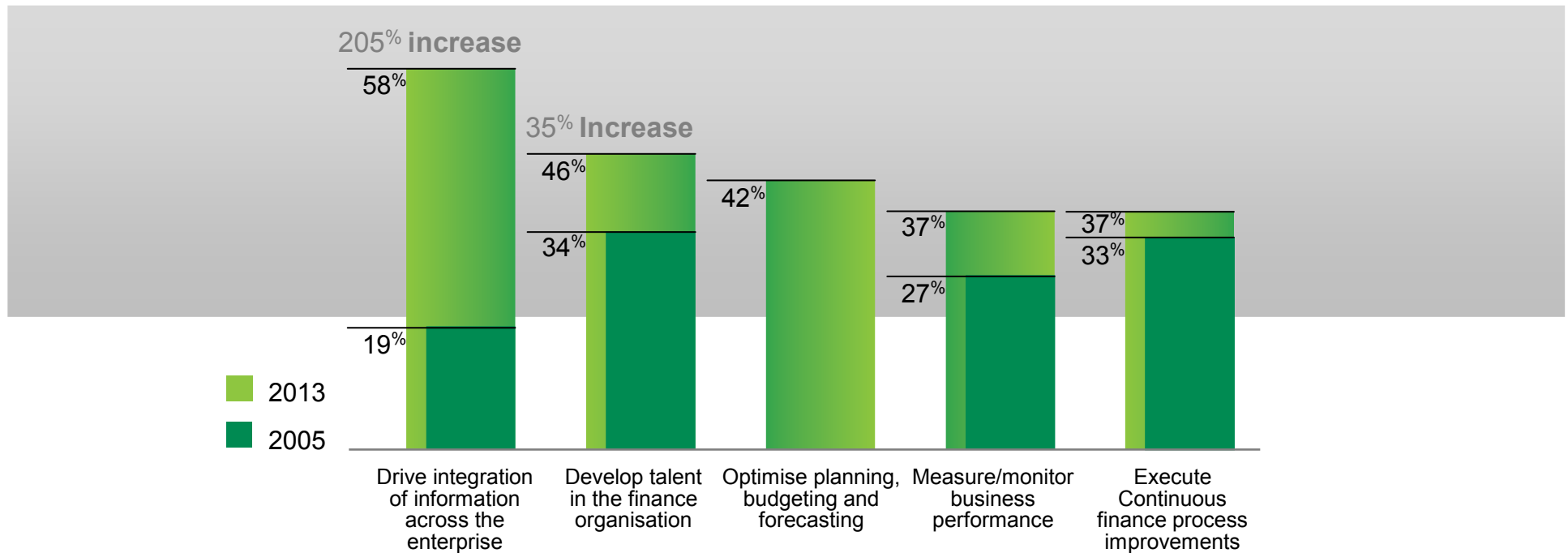
Areas of importance—historical



Source: Question CFO1—How important are each of the following areas of responsibility to your enterprise?
 Source: "CFO insights from the Global C-Suite Study", IBM Institute for Business Value, 2014

The gaps between importance and effectiveness have grown

Largest gaps between importance and effectiveness

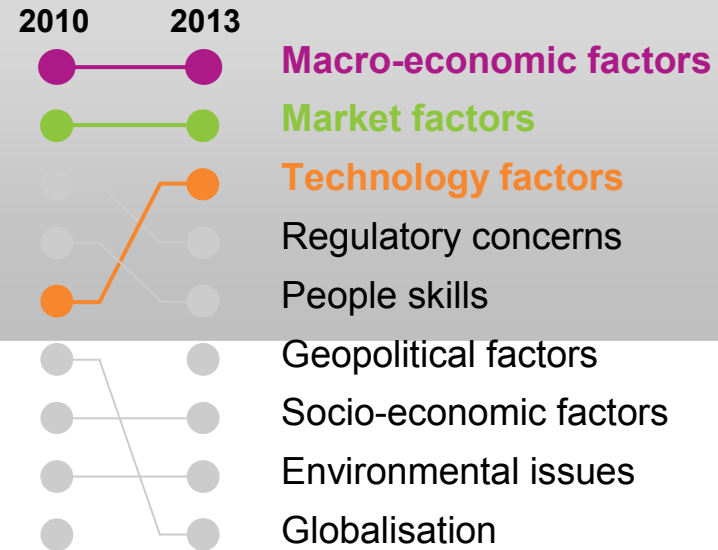


Technology is of ever-increasing importance to CFOs



We need to have the right information on time and give it the interpretation value. There is a need to frame information in a financial focus

CFO
Industrial Products company, Mexico



Source: Question E8--What are the most important external forces that will impact the enterprise over the next 3 to 5 years?

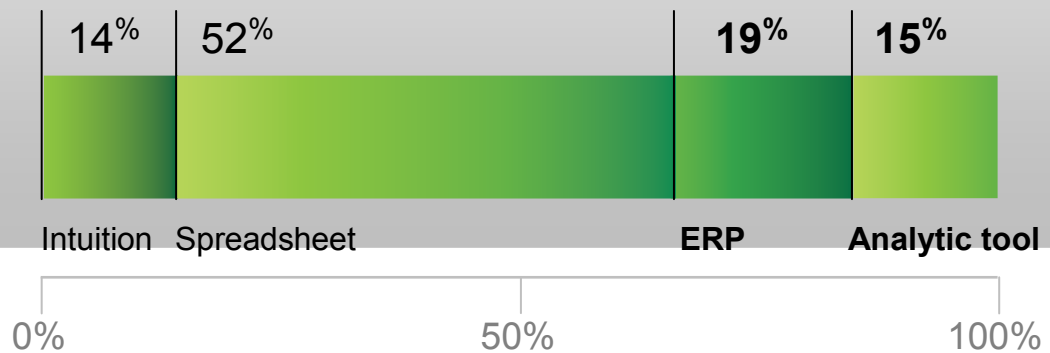
Source: "CFO insights from the Global C-Suite Study", IBM Institute for Business Value, 2014

Finance organisations rely on spreadsheets and intuition two-thirds of the time

Capabilities/tools used to support Finance



We need to ensure we deliver value through changing technology versus being a slave to our systems



**CFO,
Insurance, United Kingdom**

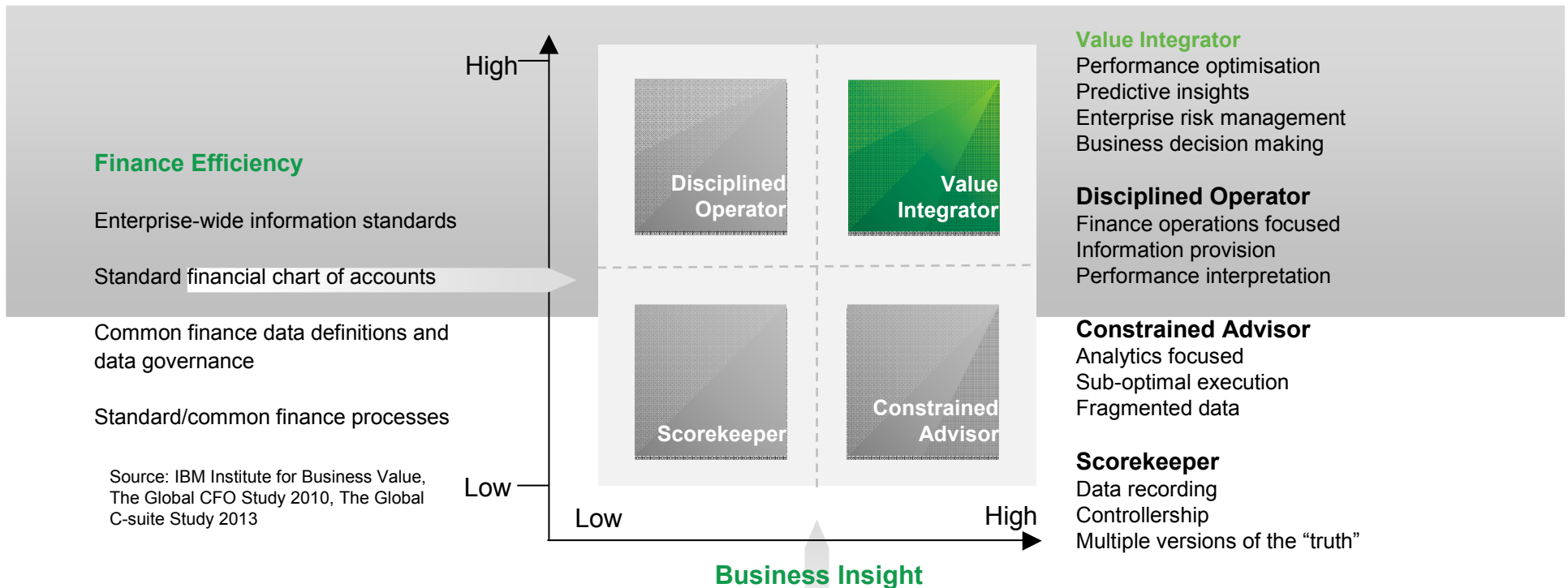
Source: "CFO insights from the Global C-Suite Study", IBM Institute for Business Value, 2014
Source: Question CFO6--What capabilities / tools does your organisation use for the following activities?

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The 2010 Global CFO Study identified outperformance characteristics – the leaders are Value Integrators

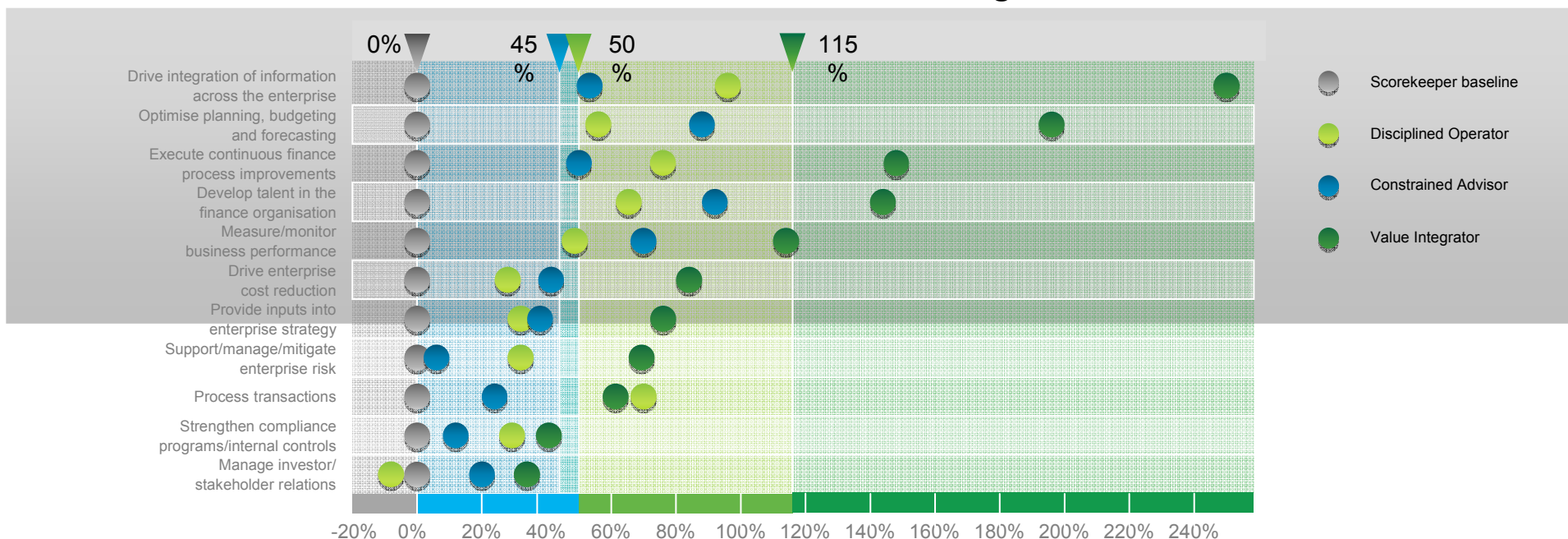
Finance efficiency and business insight





Value Integrators are more effective at core finance functions utilising both efficiency and insight

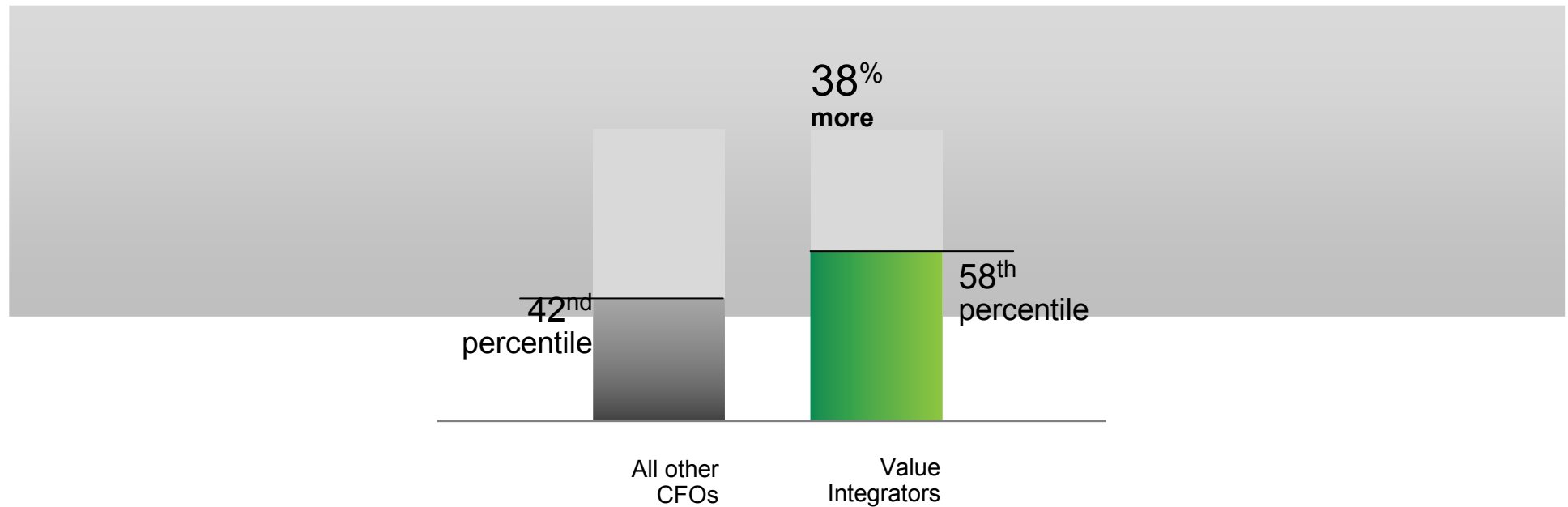
Effectiveness across the CFO agenda



Source: Question CFO2--How effective is your organisation in the following areas?
 Source: "CFO insights from the Global C-Suite Study", IBM Institute for Business Value, 2014

Value Integrators continue to outperform on revenue growth and profitability

Average ranking on measures of profit and revenue growth, past 3 years

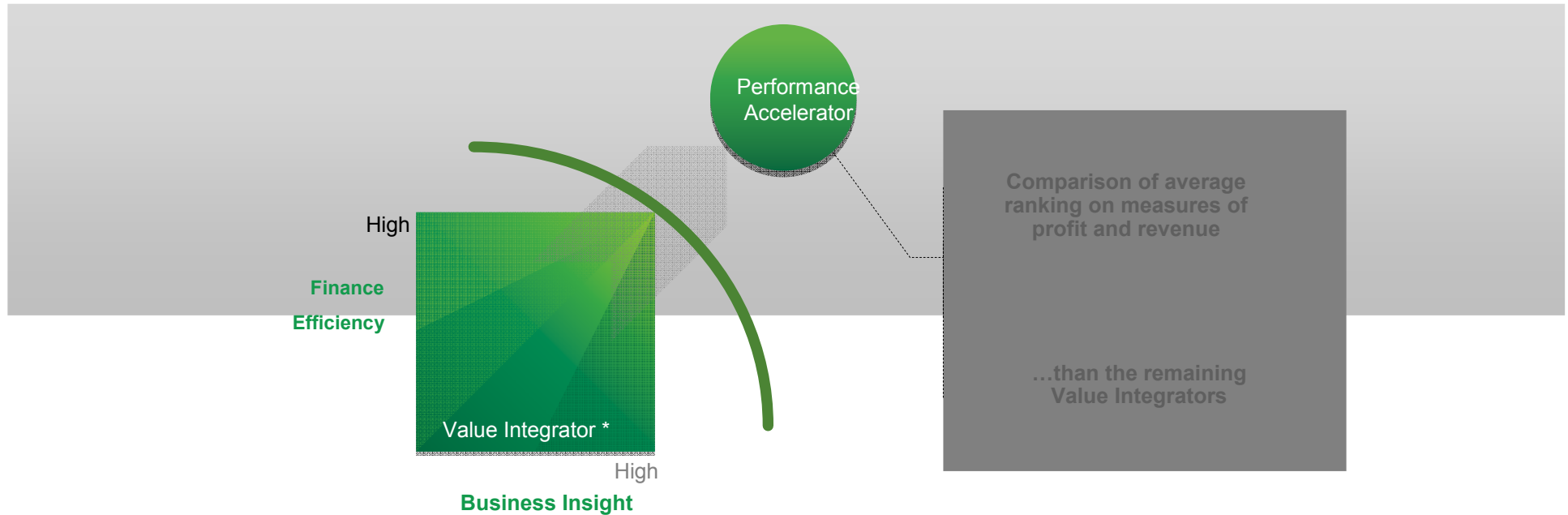


Source: Question E4--How does the revenue growth of your enterprise compare to your industry peers over the past 3 years?; Question E5--How does your enterprise's profitability compare to your industry peers over the past 3 years?
Source: "CFO insights from the Global C-Suite Study", IBM Institute for Business Value, 2014

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A subset of Value Integrators are emerging as Performance Accelerators

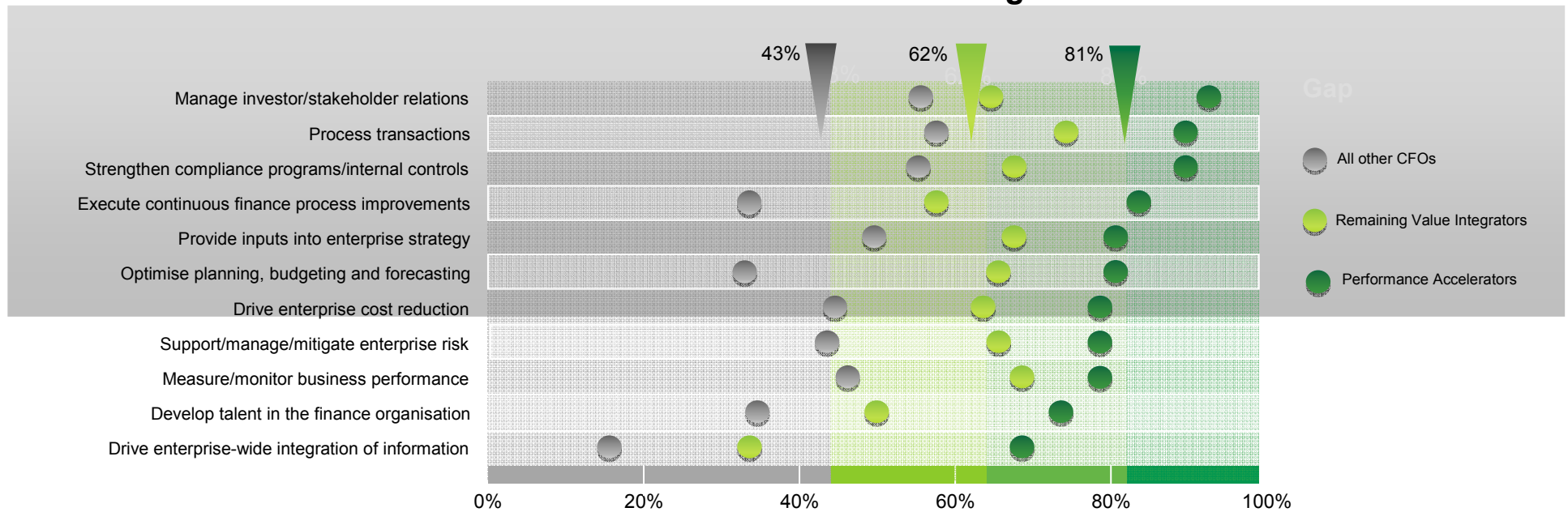


* Value Integrators are 30% and Performance Accelerators are 7% of the overall CFO population interviewed.

Source: Question E4--How does the revenue growth of your enterprise compare to your industry peers over the past 3 years?; Question E5--How does your enterprise's profitability compare to your industry peers over the past 3 years?

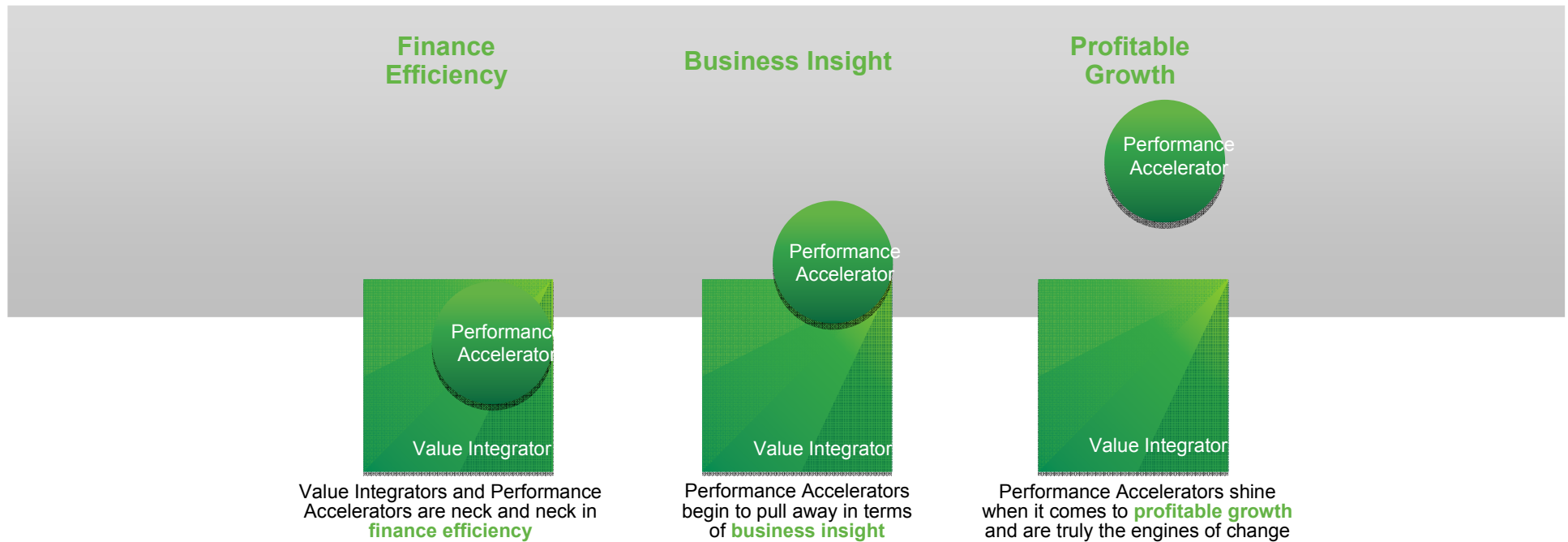
Performance Accelerators have mastered core Finance and enterprise duties—outperforming Value Integrators in every dimension

Effectiveness across the CFO agenda



Source: Question CFO2--How effective is your organisation in the following areas?
 Source: "CFO insights from the Global C-Suite Study", IBM Institute for Business Value, 2014

Performance Accelerator focus on efficiency, insight, and growth initiatives— one ability builds on the previous

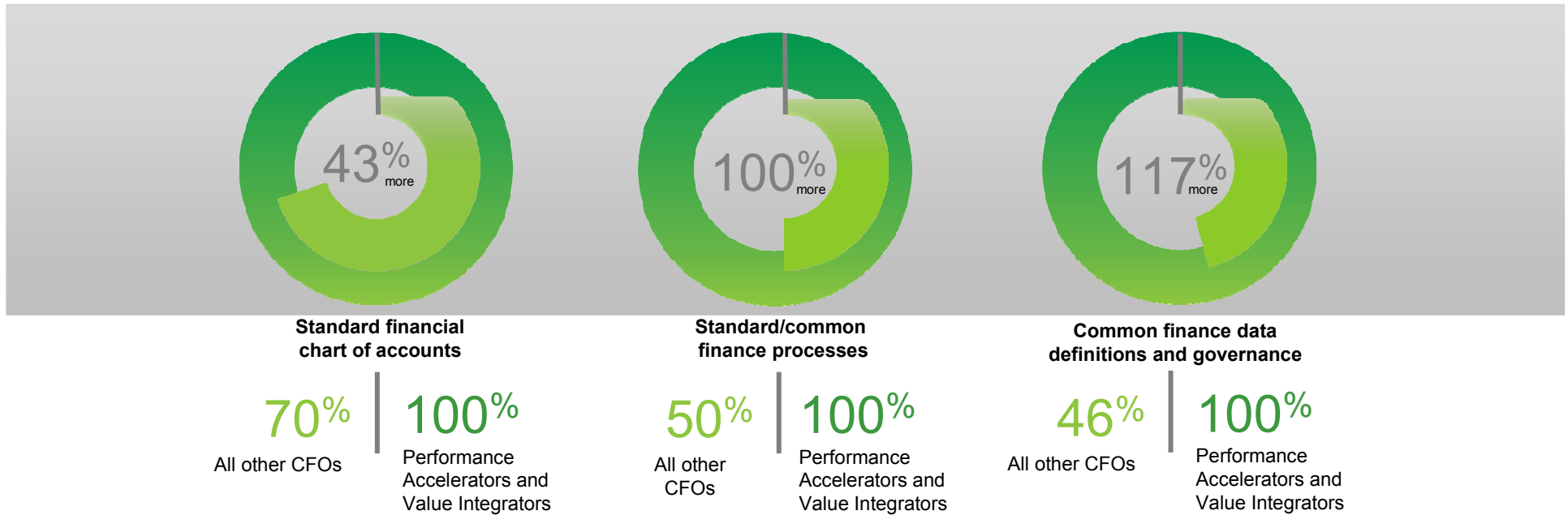


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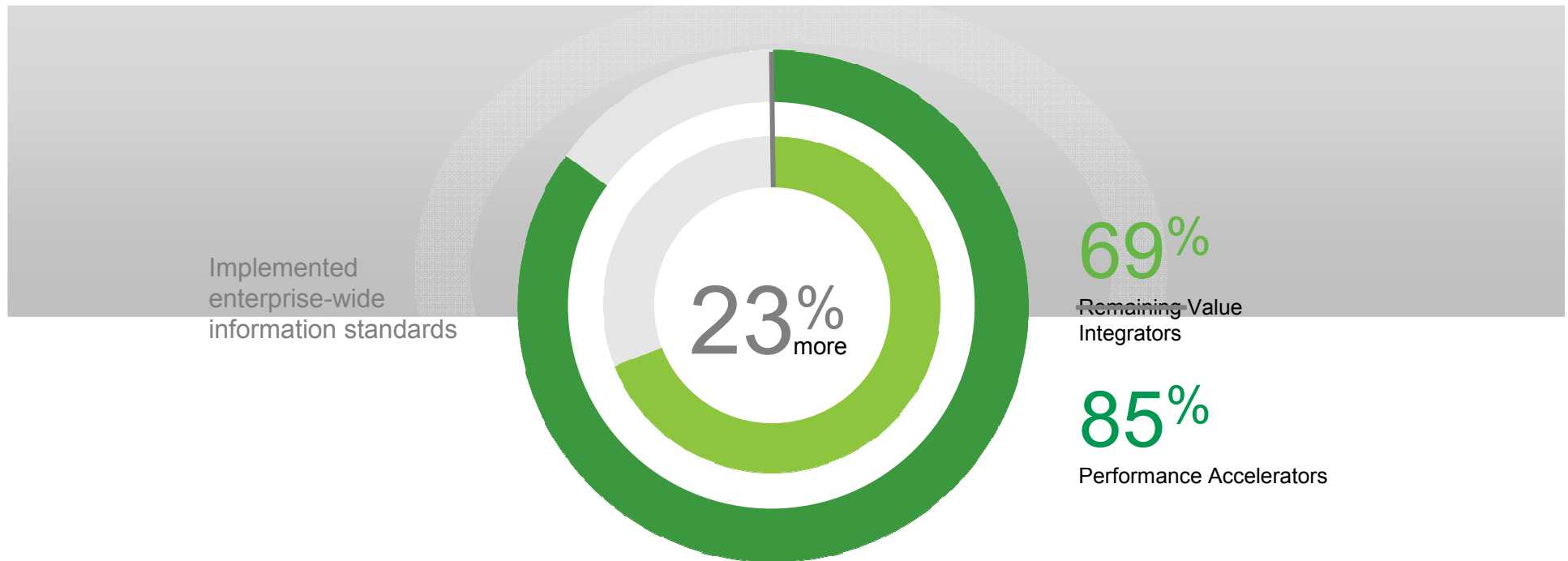
Performance Accelerators and Value Integrators have made baseline improvements in efficiency

Improvements undertaken by the organisation



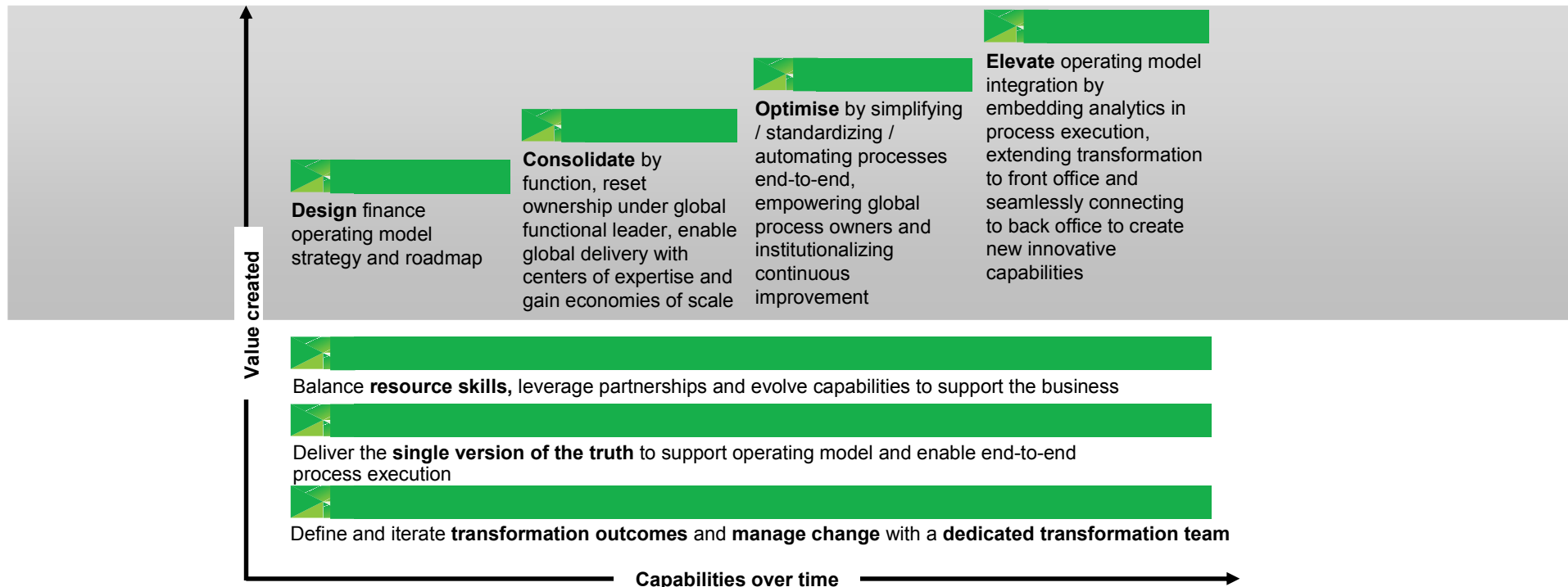
More than three-quarters of Performance Accelerators have implemented enterprise-wide information standards

Improvements undertaken by the organisation





Progression Path: Finance Efficiency

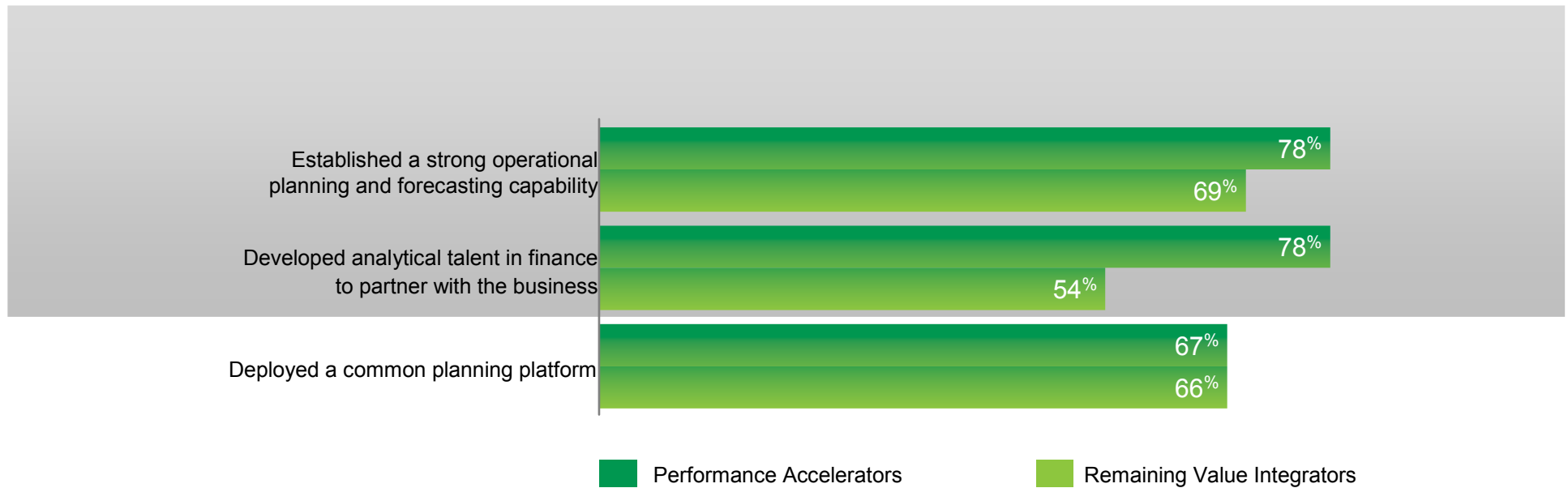


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Performance Accelerators have implemented capabilities to deliver stronger business insights

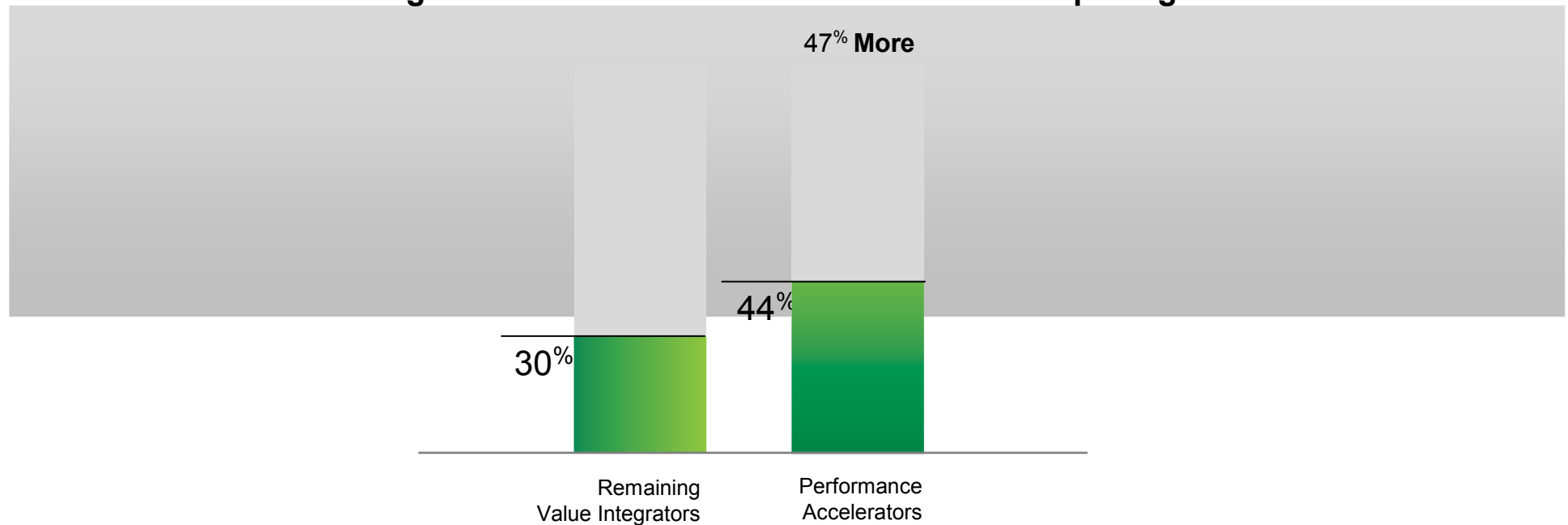
Improvements undertaken by the organisation



Source: Question CFO4--Which of the following improvements has your organisation undertaken?
Source: "CFO insights from the Global C-Suite Study", IBM Institute for Business Value, 2014

Performance Accelerators are integrating internal and external data in order to develop these deep insights

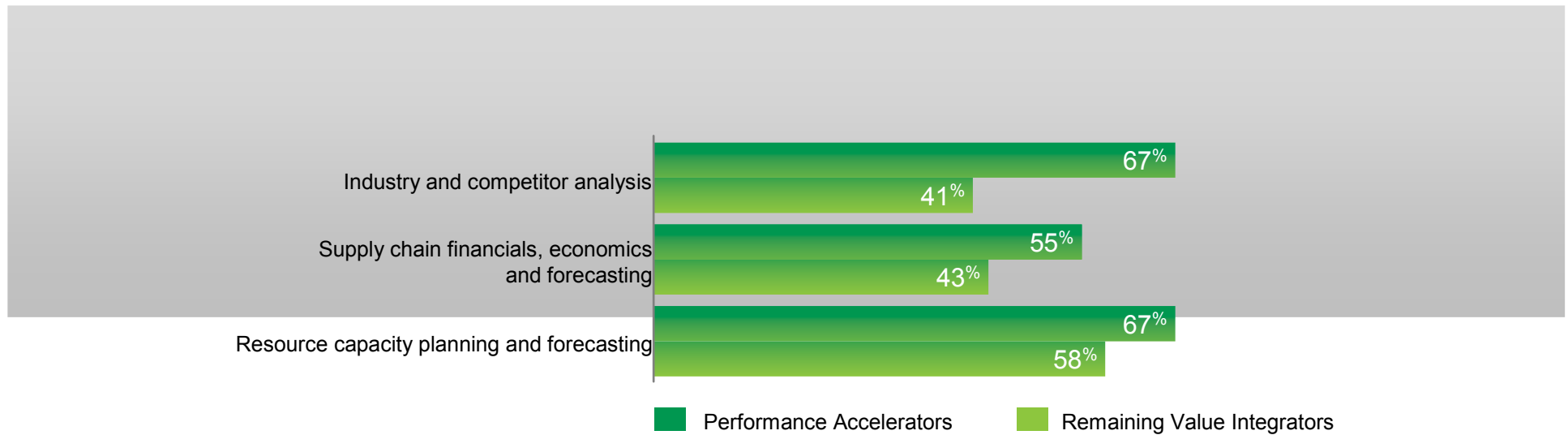
Integration of internal and external data for deep insights



Source: Question B1--To what extents do you agree with the following statements: Enterprise capabilities
Source: "CFO insights from the Global C-Suite Study", IBM Institute for Business Value, 2014

Performance Accelerators are more effective in certain Finance core competencies which use these capabilities

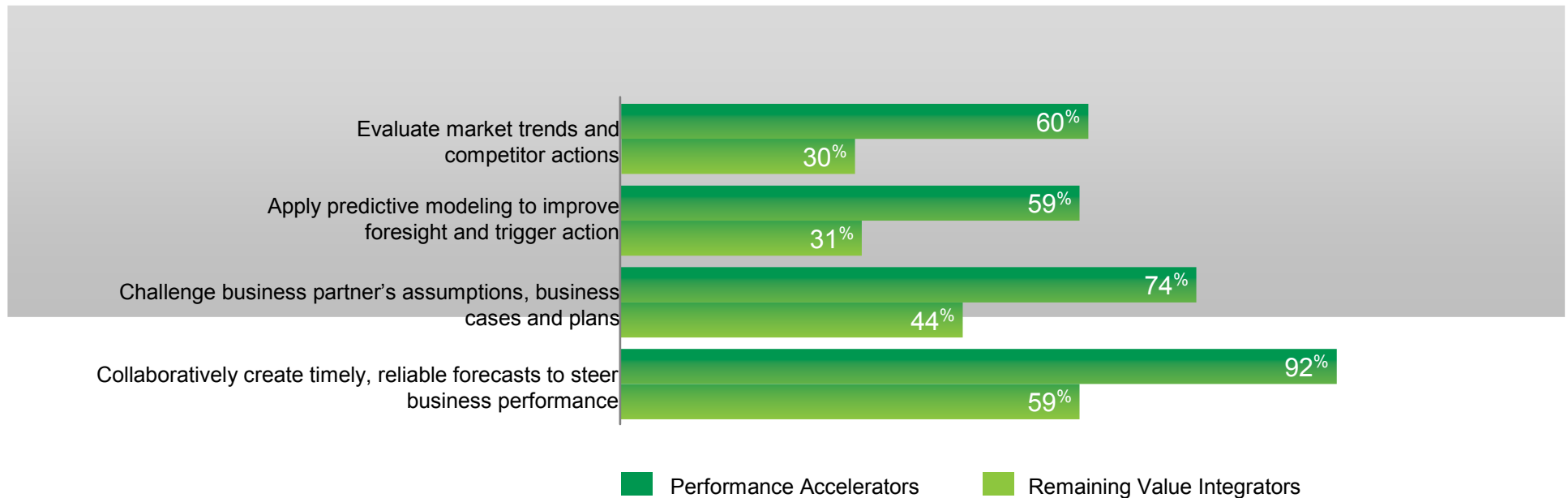
Effectiveness of Finance



Source: Question CFO5--How effective is Finance in the following areas?
Source: "CFO insights from the Global C-Suite Study", IBM Institute for Business Value, 2014

Performance Accelerators' strong focus on data analytics enables them to deliver stronger foresight

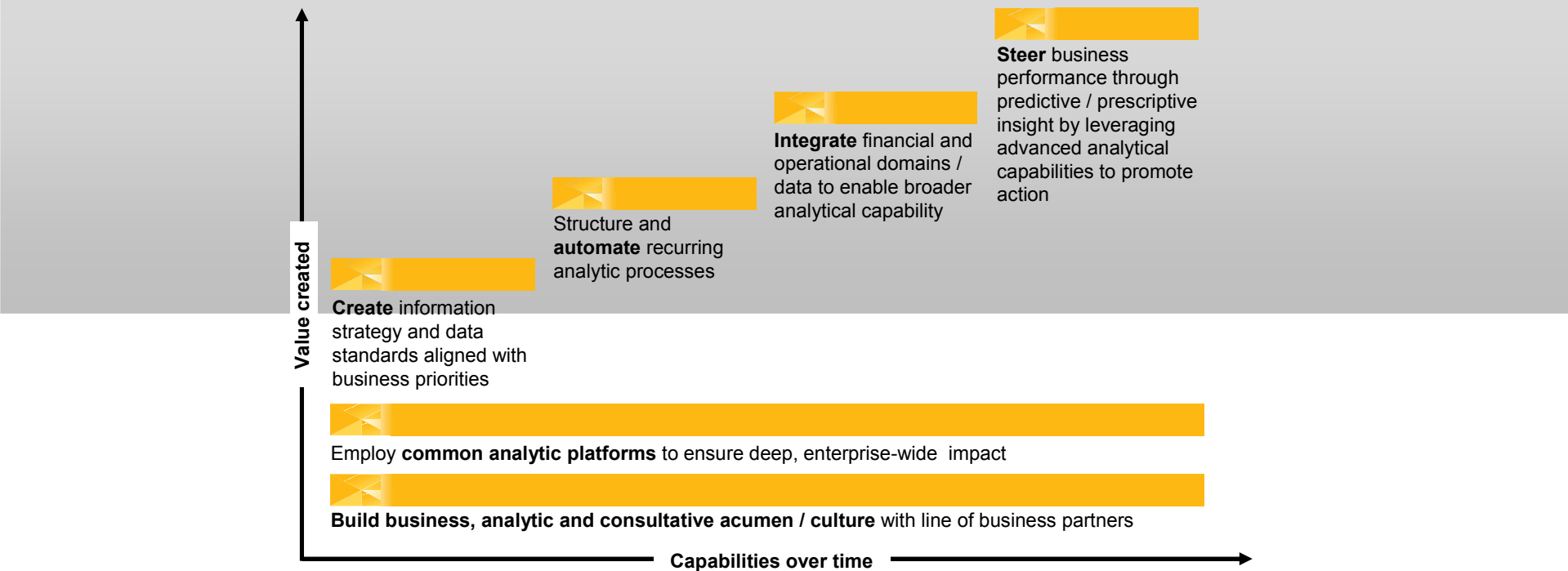
Effectiveness of Finance



Source: Question CFO7--How effective is your organisation at performing the following?
Source: "CFO insights from the Global C-Suite Study", IBM Institute for Business Value, 2014



Progression Path: Business Insight

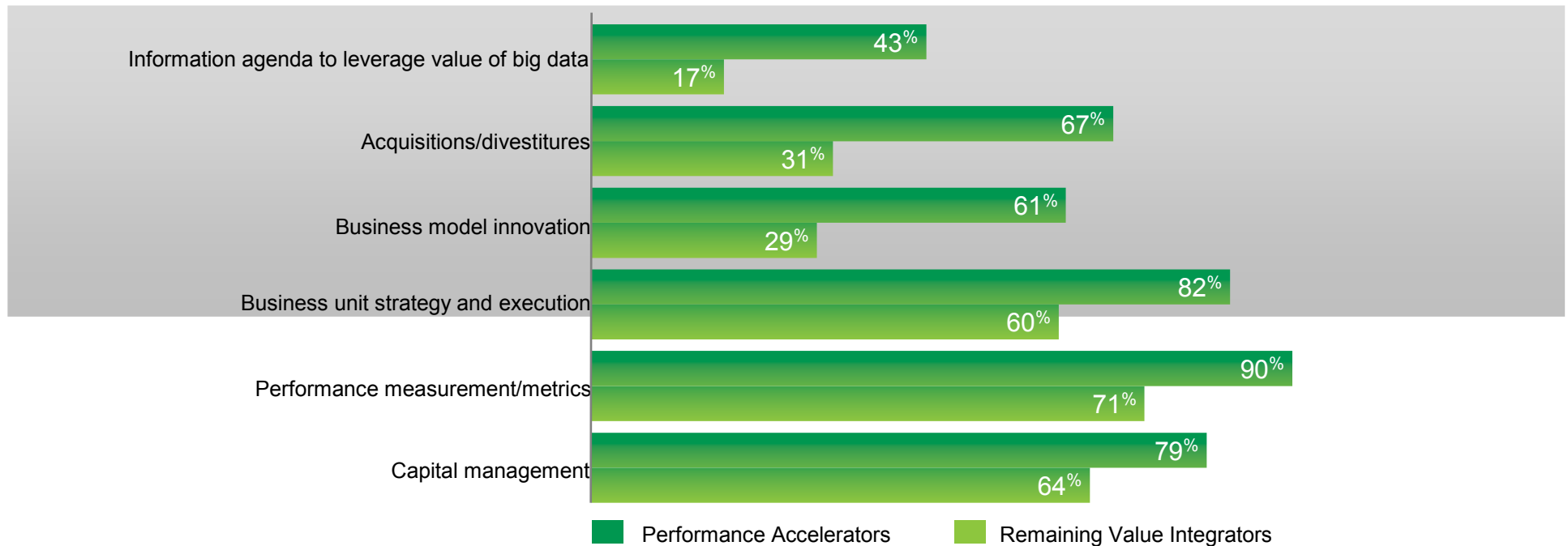


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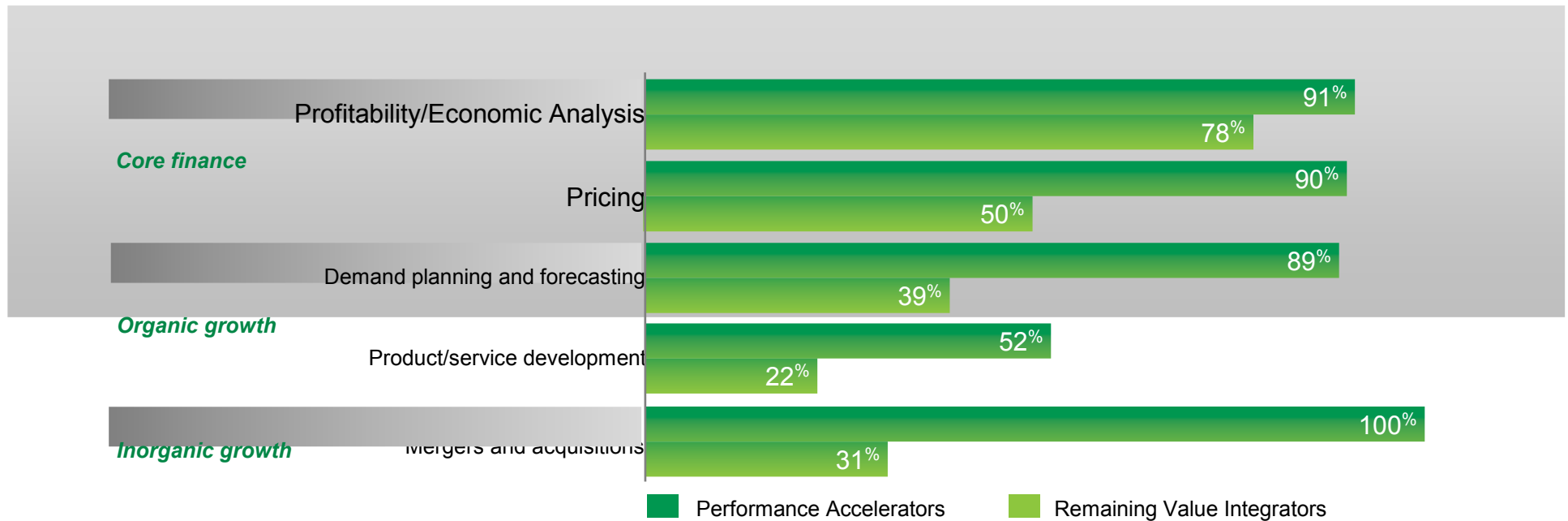
Performance Accelerators are applying analytic capabilities for profitable growth

Where Finance spends its time



Performance Accelerators are defined by the fact that they're both better at performing core tasks *and* more willing to enter new arenas

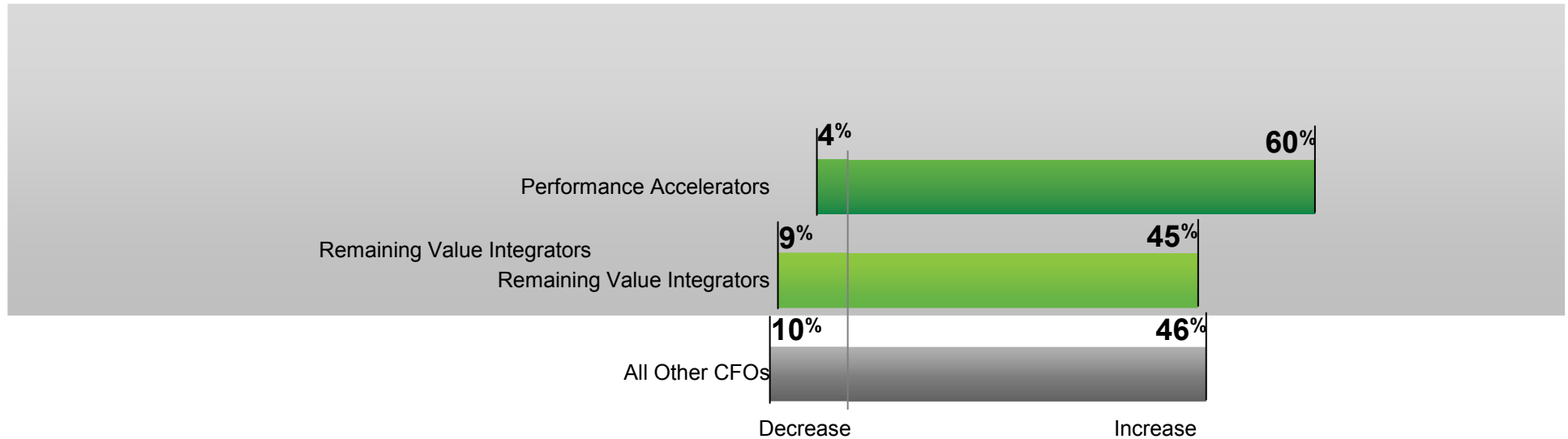
Effectiveness of Finance



Source: Question CFO5--How effective is Finance in the following areas?
 Source: "CFO insights from the Global C-Suite Study", IBM Institute for Business Value, 2014

Performance Accelerators pursue mergers and acquisitions to boost growth

Headcount change via mergers, acquisitions and divestitures



Source: Question E6--How do you envision your enterprise headcount changing over the next 3 to 5 years? Via mergers, acquisitions and divestitures
Source: "CFO insights from the Global C-Suite Study", IBM Institute for Business Value, 2014

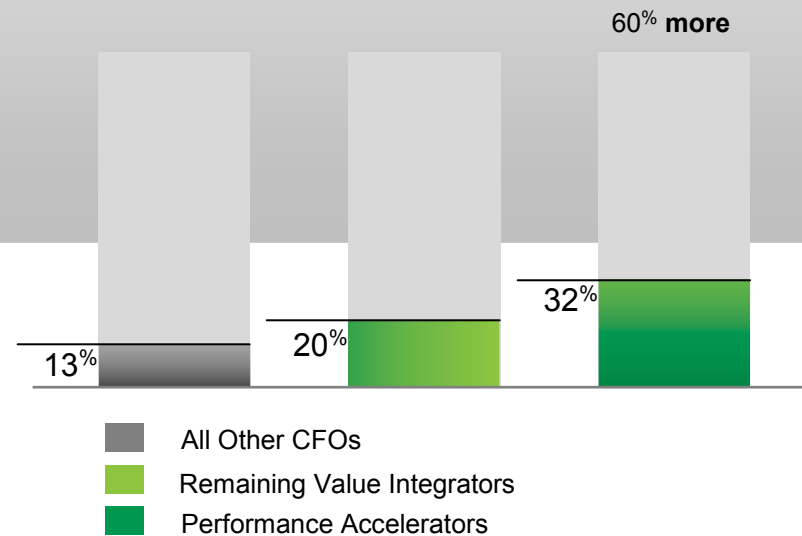
One third of Performance Accelerators use data analytics to identify new products and services



My objective is to move the finance staff from a state of transaction thinking to one of analytical thinking

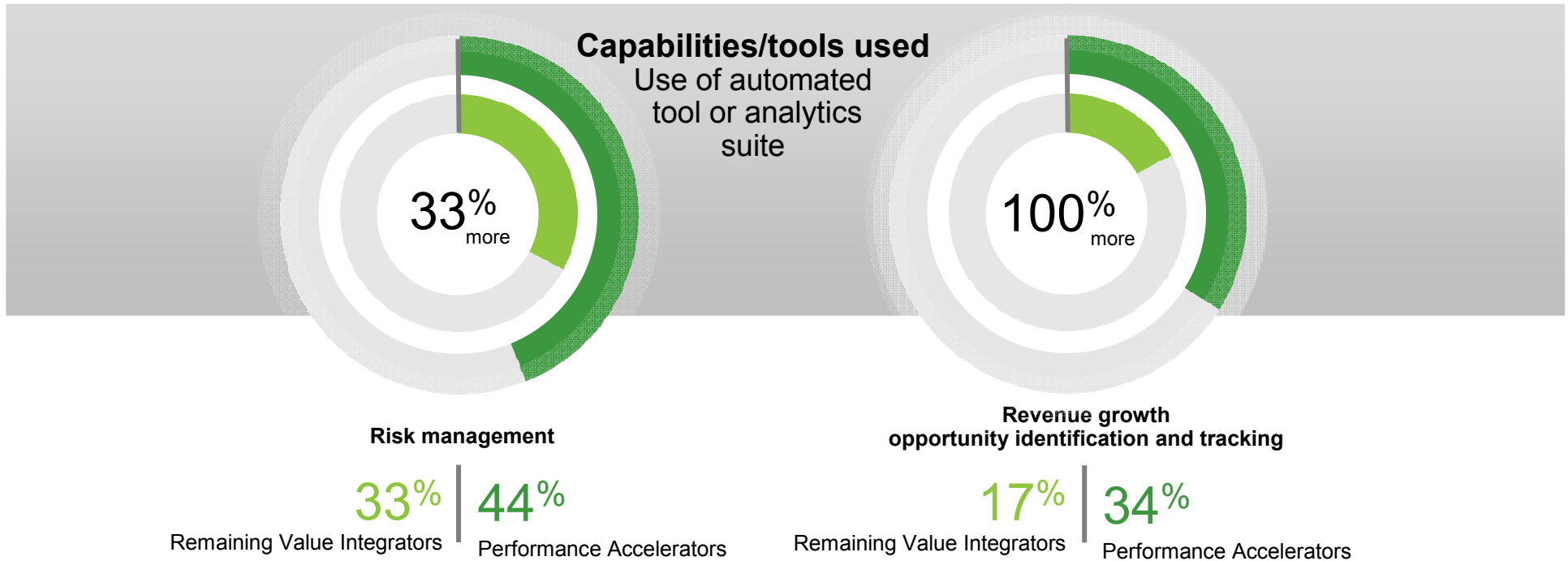
CFO
Insurance company, Canada

Use of big data to identify new products and services



Source: "CFO insights from the Global C-Suite Study", IBM Institute for Business Value, 2014
Source: Question B1--To what extents do you agree with the following statements: Enterprise capabilities

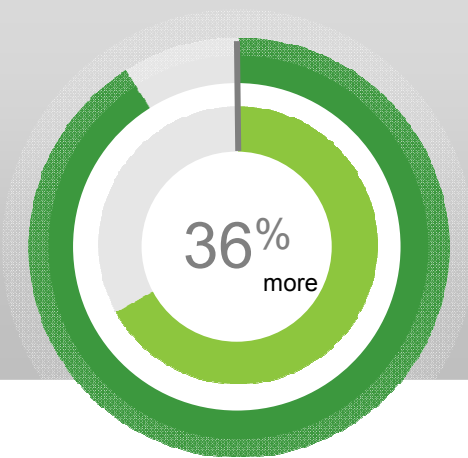
Performance Accelerators are applying analytic capabilities for risk management and growth opportunities



Source: Question CFO6--What capabilities / tools does your organisation use for the following activities?
Source: "CFO insights from the Global C-Suite Study", IBM Institute for Business Value, 2014

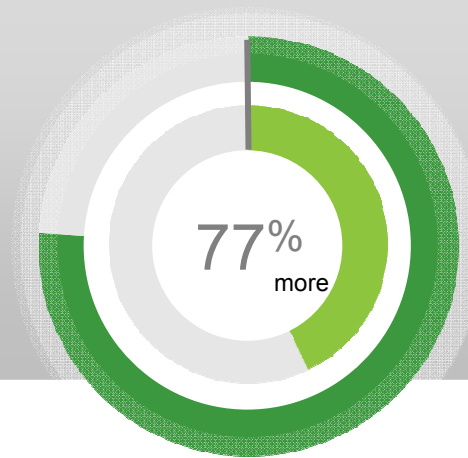
As a result, they are more effective at risk management and growth identification

Effectiveness of Finance



Risk management

67%		91%
Remaining Value Integrators		Performance Accelerators

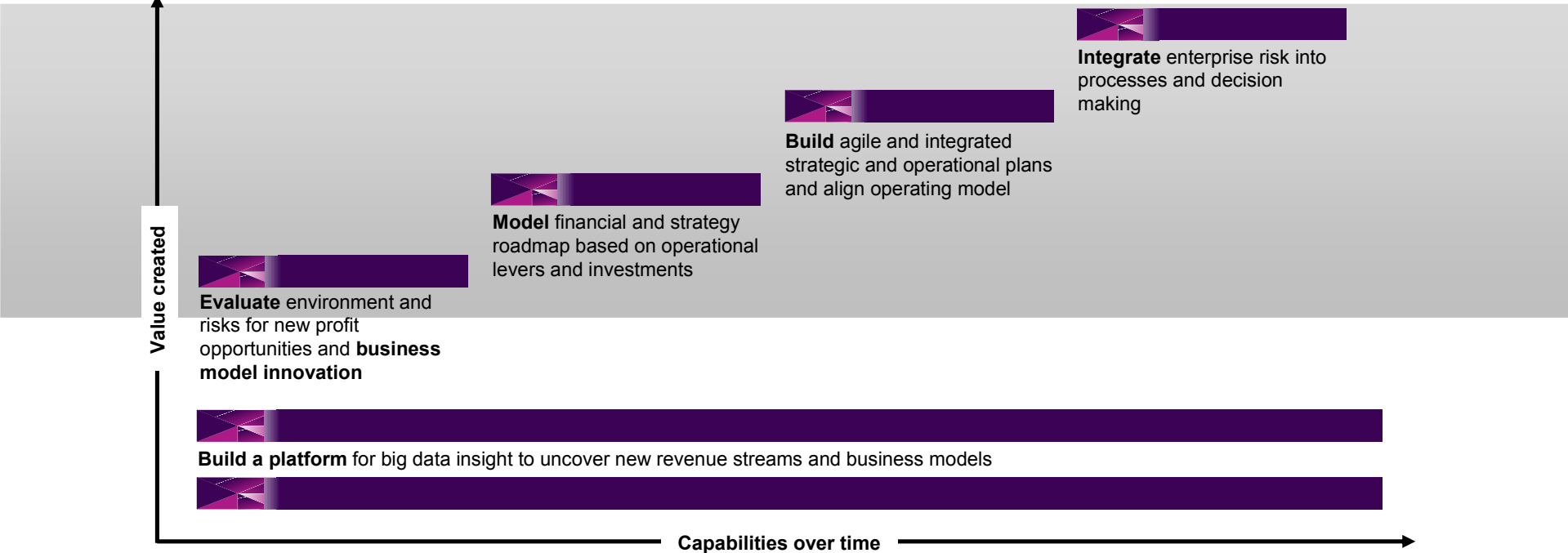


Revenue growth opportunity identification and tracking

43%		76%
Remaining Value Integrators		Performance Accelerators



Progression Path: Profitable Growth



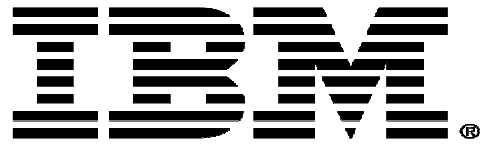
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Business foresight. Future ready.



IBM can help.

	Drive efficiency	Deliver business insight	Lead profitable growth
Strategy and Quick Starts ▶	<ul style="list-style-type: none"> Globally Integrated Enterprise <ul style="list-style-type: none"> Opportunity Assessment Client Briefing Target Operating Model Blueprint Finance Healthcheck Finance Transformation Strategy Finance and administrative process 	<ul style="list-style-type: none"> Business Analytics Experience Workshop Business Analytics and optimisation Jumpstart 	<ul style="list-style-type: none"> Financial Metrics Briefing Performance Management Diagnostic Cloud-enabled Business Model Accelerator
Consulting, implementation, software and outsourcing ▶	<ul style="list-style-type: none"> Procurement and supply chain management Customer relationship management Human resources learning and recruitment Enterprise asset management Strategic sourcing 	<ul style="list-style-type: none"> Predictive analytics Financial analytics <ul style="list-style-type: none"> Performance reporting, dashboards and KPIs Planning, budgeting, and forecasting Disclosure management and financial close Fraud and risk analytics Operational analytics 	<ul style="list-style-type: none"> Big data exploration Profitability modeling and optimisation Strategic planning and management Risk and assurance analytics Operational analytics Digital front office
Talent and change management ▶	Workforce analytics and optimisation Workforce and talent assessment Workforce collaboration Change management Culture transformation		
Infrastructure and systems ▶	Business and IT services sourcing Security Business resilience Application rationalization Cloud and systems Big data		
Financing ▶	Project financing Leases and loans Global asset recovery services		





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