Association of International Certified Professional Accountants™

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Agile Finance Reimagined

Reimagining the customer experience

Contents

Increasing resiliency and growth

No crisis has been as challenging in recent memory as the COVID-19 pandemic, severely testing the strength of corporations and the business guidelines under which they operate. Even before the coronavirus, CFOs had begun designing more agile, resilient organizations with higher levels of digitization to better equip their finance teams to deal with today's rapid pace of change. That charter has been accelerated, as finance leaders realize the limitations of outdated platforms in helping their companies innovate their way out of crisis and move to equip their employees with the digital tools they need to keep operations running.

To support this effort, the Association of International Certified Professional Accountants (AICPA and CIMA) is producing *Agile Finance Reimagined*, a five-part webcast and white paper series offering CFOs practical advice on how to increase resiliency and growth not just in finance, but also in the lines of business that rely on finance to guide the way forward, including supply chain operations and the customer experience. The series includes guest speakers from McKinsey & Company, who shared knowledge and insights from the firm's body of research on the global pandemic and its implications for business.

Agile Finance: Reimagining the customer experience

The fifth webcast in the *Agile Finance Reimagined* series, "Reimagining the customer experience," was broadcast in the United States, Canada, Europe, Asia, Africa and Latin America during the week of Aug. 10, 2020, drawing over 1,700 finance professionals. The webcast identified behaviors that will shape the customer experience in the next normal, explored how to partner with marketing to cement competitive advantages, and determined digital strategies to help finance better anticipate customer sentiment. Joining the Association's Managing Director of CGMA Learning, Education and Development, Ash Noah, (CPA, CGMA, FCMA) on the webcast as guest speakers were David Malfara, a leader in McKinsey & Company's customer experience service line and Rob Tarkoff, executive vice president, Cloud CX and Data Cloud, Oracle.

Setting the stage for reimagination

The inaugural webcast in the series, held in May 2020, examined how CFOs and their teams can navigate the COVID-19 crisis. Specifically, it focused on how finance leaders can boost the resiliency of their finance organizations and return their businesses to scale, mapping progress on a five-stage cycle McKinsey developed:

Resolve — The organization addresses the immediate challenges COVID-19 represents to its workforce, customers, technology and business partners.

Resilience — The organization handles near-term cash management challenges and broader resiliency issues as a result of virus-related shutdowns.

Return — The organization draws up a plan to return the business to scale after shutdown orders are lifted.

Reimagination — The organization envisions the "next normal," including what a discontinuous shift looks like, and implications to guide how the institution should reinvent.

Reform — The organization develops a detailed understanding of how the regulatory and business environments may shift as a result of COVID-19, and a long-term plan for adapting to these changes.

In a poll conducted during the first webcast in May 2020, the majority of respondents identified themselves as being in either the resilience phase (39%) or the return phase (30%). Only 16% said they were in the reimagine phase.

In the latest survey conducted during the fifth and final webcast, just 22% and 16% of respondents said they were in the resilience phase and return phase, respectively. Meanwhile, those in the reimagine phase jumped to 22%. For the first time, respondents could choose a new option, indicating they were in between phases. Just under a third (29%) selected this option, suggesting the progression through the framework is not always neat or linear. "Organizations may vacillate among [stages] as the situation develops," McKinsey's Malfara said during the webcast. "But the heavy focus right now does seem to be on the return and reimagine phases."

Figure 1: Based on the McKinsey framework where would you map your company today (As of August 2020)?

Resolve
- All: 7%
- All in May 2020: -3
- North America: 8%
- Europe: 7%
- Asia: 6%

Resilience
- All: 22%
- All in May 2020: -17
- North America: 20%
- Europe: 25%
- Asia: 29%

Return
- All: 16%
- All in May 2020: -14
- North America: 16%
- Europe: 17%
- Asia: 19%

Reimagine
- All: 22%
- All in May 2020: +6 / 16%
- North America: 23%
- Europe: 20%
- Asia: 19%

Reform
- All: 3%
- All in May 2020: -2
- North America: 2%
- Europe: 4%
- Asia: 6%

In between several phases
- All: 29%
- North America: 31%
- Europe: 28%
- Asia: 21%

Legend: ■ All ■ All in May 2020 ■ North America ■ Europe ■ Asia

COVID-19 has accelerated many of the trends already reshaping the customer experience. As a result, business and service delivery models are at an inflection point.

"How your organization responds to servicing the needs of the customer will really determine the very future of your organization, the future of your customer relationships and your customer loyalty," said the Association's Noah.

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>
> *Managing Director*
> *Association of International Certified*
> *Professional Accountants*

Based on case studies and research, McKinsey has identified three macro trends that are shaping customer behavior. Malfara broke them down on the webcast.

1. **Soft consumer spending** — The pandemic has ushered in an age of instability. In the U.S., local economies are starting to reopen, but outbreaks continue to emerge. "There's continued fear of economic uncertainty, plus the fact that we're physically limited," Malfara said. Even in economies that have largely recovered, such as China, consumer demand remains soft.

2. **The acceleration of digital** — Organizations were already investing more in digital before the pandemic, but the trend has intensified. "At the peak of the pandemic in the U.S., there was a 4x increase in Google searches for upgrading data plans," he said.

3. **A safety-oriented mindset** — McKinsey conducted research with some of its customers to pinpoint areas of increased anxiety. A major source of continued concern among consumers: returning to public places.

"The real question is, 'How are [these trends] impacting our businesses, our products and how we want to think about where we invest our time and energy?'" Malfara said.

As finance professionals look to the future, there are several key priorities related to the customer experience that deserve attention and investment.

An opportunity for positive change

> *"This is a moment in time that CFOs are going to be remembered as either the ones who embraced the front-office transformation as a critical part of their job or those who didn't."*
>
> *Rob Tarkoff*
> *EVP, Cloud CX and Data Cloud*
> *Oracle*

COVID-19 has created challenges for companies across almost every industry sector. But as with most disruptions, it also opens the door for positive change — especially for CFOs who understand the value of putting the customer front and center in their transformation plans. "The CFO plays a critical role in partnering with the CMO, not just to define the offering and make sure that brand's safety, security, trust and empathy are front and center, but also to make sure that the front office is working seamlessly with the back office to deliver on customer expectations," Oracle's Tarkoff commented.

When webcast attendees were asked whether the priority their CFO placed on the customer experience had changed as a result of COVID-19, it became clear that CFOs understand the importance of building customer trust, empathy and satisfaction today. A majority (66%) of respondents said it had changed or changed dramatically, with 14% reporting that it was their CFO's top priority. Only 20% of respondents said the focus on the customer experience hadn't changed at all.

Figure 2: Has the priority your CFO places on customer experience changed in the past six months due to COVID?

48%
Changed somewhat

20%
Hasn't changed

18%
Changed dramatically

14%
It is the top priority
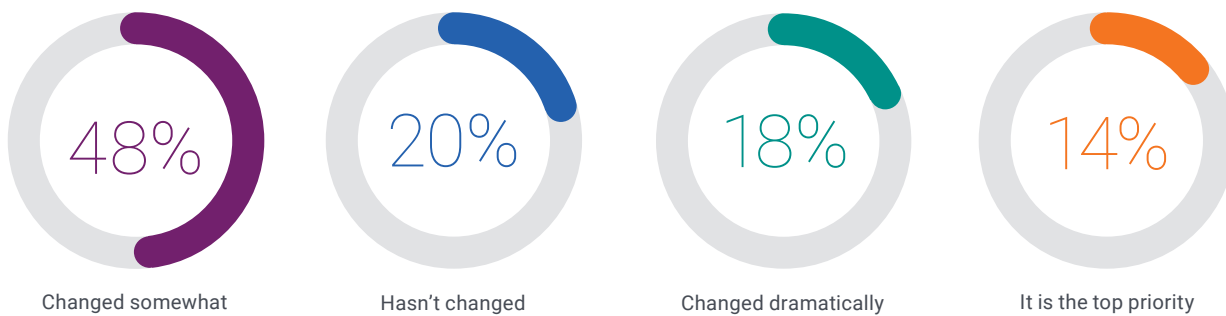
During this time of uncertainty, communicating core company values is more important than ever. "Brand safety and a reputation for being a good corporate citizen are fundamental to how customers are judging companies," Tarkoff noted. Communicating those values isn't just the CMO's responsibility; the CFO has a large role to play as well, such as collecting and using data to infer consumer intent and values. Because the quality of the data is just as important as the quantity, CFOs need to be involved here as well, and have an intimate understanding of the process through which data is collected, cleansed and deduplicated.

When an understanding of consumer needs is coupled with reliable, clean data, the impact can be significant. For example, the City of Los Angeles launched an ambitious debit card relief program in response to the pandemic. Issued in partnership with Mastercard, TimeTrade, Apex IT and Oracle Cloud CX, the program allowed Los Angeles residents to apply for relief and receive a debit card, all through a digital, contactless process. Altogether, nearly $40 million in relief funds were distributed through the initiative.

"People in Los Angeles who needed money to survive — the stimulus check, in most cases, is not enough to offset loss of income — were able to get the aid," Tarkoff said. The success of the program built confidence in the city's ability to execute additional projects; it provides a relevant template for CFOs at corporate organizations.

Take Toms, a shoe-brand founded on the mission of supporting social change, for example. Working with Oracle, which provides the company's back-end loyalty rewards software, Toms was able to allow consumers to convert loyalty points into dollar donations to charities of their choice. So far, the company — and crucially, its customers — has raised $40,000. "It helped the brand reimagine the way it thinks about loyalty altogether," Tarkoff said.

Investment strategy No. 1 — Digital excellence

Investment in improved digital performance was already occurring; the pandemic simply accelerated the trend and raised the stakes. As Malfara noted during the webcast, "The bar for digital excellence was already very high, and now that all this acceleration is occurring, the bar is even higher."

Malfara shared three strategies for raising your organization's digital bar, taken from McKinsey & Company's May 2020 publication *Elevating customer experience excellence in the new normal*:

1. invest in new digital strategies using an agile, digital-first approach to design thinking;

2. evolve your portfolio, using M&A to round out your digital strategy; and 3) focus on the core digital platform as the foundation to integrate new services and features seamlessly.

Attendees were asked during the webcast about their customer experience investment focus, and 56% identified investments in improving customer service as the top priority. Of the remainder, 22% were focused on e-commerce initiatives, followed by 15% in sales and 9% in marketing.

Figure 3: Where are you focusing your technology investments now to improve the customer experience in your organization?

54%	22%	15%	9%
Service	E-commerce	Sales	Marketing
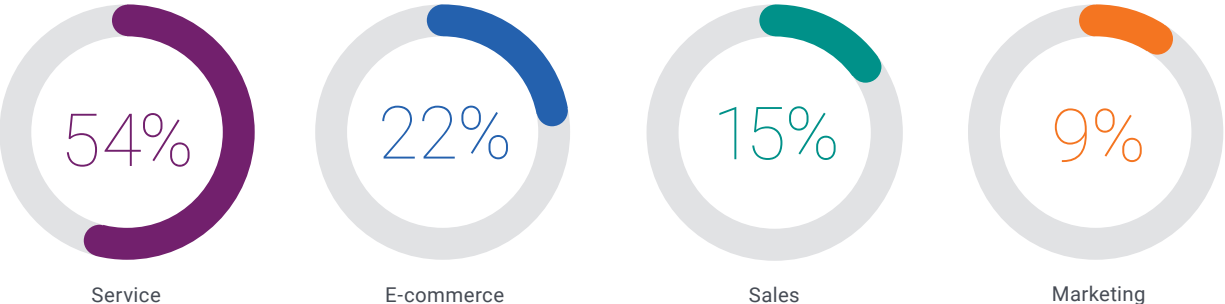
Embracing new business models

Oracle's Tarkoff provided a view into why Oracle is seeing more of its customer base embracing new business models. That shift comes with powerful advantages, including a more engaged relationship with customers and increased financial stability. That said, going from selling products to offering a subscription, for example, shouldn't be undertaken lightly. "You're talking about changing the very nature of how your brand engages with customers," Tarkoff observed. The transition means re-thinking the search and discovery experience, and puts a host of additional considerations into play, such as subscription periods, product selections, customer communities and the sign-up process.

Tarkoff shared an example featuring Motorola Solutions, an Oracle Cloud CX and ERP customer providing critical communications services to COVID-19 first responders across North America. The company underwent a business model transformation that was largely driven by the fact that many of their customers — police departments, fire departments, and other first responders — couldn't afford to buy all the equipment that they needed upfront. So, they went to a subscription model to ensure that those end-to-end transaction flows were delivered in a consistent way using an integrated ERP back end and CX front end.

Providing more sophisticated and impactful self-service options is another increasingly popular model companies can employ to enhance their customers' experience. An example of this transition in action is AirBorn, which configures complex commercial satellites for its customers, including NASA. To ensure it always had the right equipment, NASA wanted to purchase satellites through a self-service model. AirBorn worked with Oracle among other partners to build e-commerce and self-service systems that allowed its customers to renew without having to interact with a salesperson. "They were able to take 54 different configuration choices in the old manual process and shrink that down to 11 or 12 clicks," Tarkoff said. "Imagine configuring a complex satellite system in less than 15 clicks.

"Any time you see a front-to-back-office transformation, the CFO is front and center," Tarkoff observed. In the past, many CFOs left the front office alone, but that's not the case anymore.

Investment strategy No. 2 — Safe, contactless engagement

"Making our businesses safe for themselves and for employees is going to be vital to a strong return to service, and especially vital to reimagining what services might look like in the future," McKinsey's Malfara said during the webcast. Many of the shifts we are seeing now won't end with a vaccine. "This is going to be an evergreen topic," he said.

Already, organizations have normalized simple adjustments, such as floor markings that dictate customer flow, self-service checkouts and plexiglass screens that protect store employees. But there is still ample opportunity for innovation.

"The companies that find creative solutions to make customers and employees not just feel safe but *be* safe during in-person experiences have the potential to get a leg up and gain real loyalty in this space," Malfara said.

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> *David Malfara*
> *McKinsey & Company*

To help organizations identify and execute safety measures in a physical environment, McKinsey developed the following four-prong framework, which Malfara outlined during the webcast:

1. **Identify hot spots and risks.** For many businesses, this includes mapping out the flow of customers through a space, focusing on high touchpoints. For others, it means establishing higher-risk segments in the operation or supply chain, including areas of high-contact among workers or between employees and customers.

2. **Run a diagnosis.** After doing an analysis, collect and measure data to determine that the areas you've identified are truly high-risk. This could involve having conversations with your employees and customers about specific sources of anxiety.

3. **Design and implement new solutions.** Take the information you've collected and use it to inform new safety measures. The emphasis should be on getting to market quickly; avoid long, waterfall-style processes that depend on lots of approvals.

4. **Adapt, iterate and sustain safety features.** Once you've rolled out your new safety measures, analyze them in action and solicit feedback. What's working? What's not? From here, you can make tweaks, iterating the design to better protect your employees and customers alike.

Retail provides a highly visible example of how companies are adopting new safety measures, but these shifts expand far beyond the industry. B2B providers are also grappling with how to change their workflow to better protect workers and clients. "You can't put your consultants on-site anymore to do implementations. They [employers] don't want to put their employees at risk," Tarkoff said.

As a result, more B2B companies have moved to digital selling, which translates much of the in-person, relationship-based selling processes to a digital environment. The shift requires new skills, including ensuring salespeople have the technical knowledge and confidence to retain the role of trusted advisor over digital platforms.

Technology has an important role to play in these transitions. Machine learning and artificial intelligence, for example, can help financial teams optimize inventory and planning. Meanwhile, automation can absorb rote tasks, freeing up employees to focus on higher-level activities while providing more seamless customer service.

Take Hermes UK, for example. Leveraging Oracle Digital Assistant's skills and industry-specific training modules, the parcel and courier delivery company introduced a chat assistant named Holly who is capable of handling a significant number of customer service requests. Since implementing Holly into its workflow, Hermes has seen a 40% reduction in the number of calls that require a response from someone at a call center.
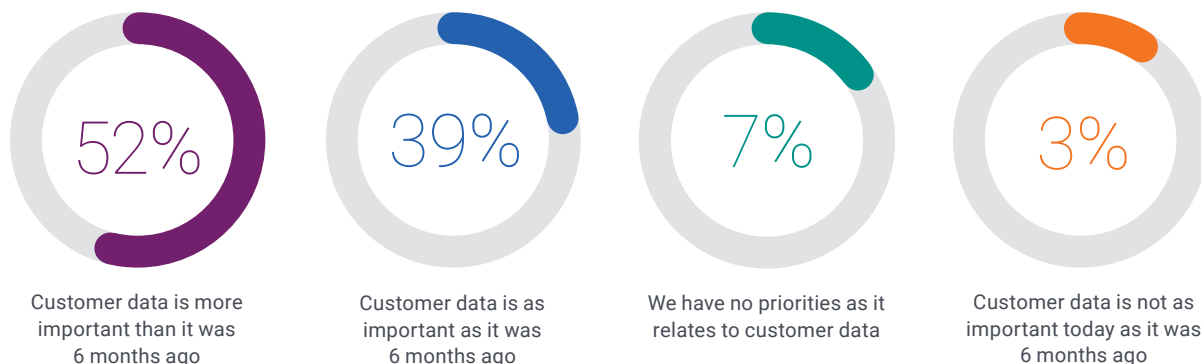
Investment strategy No. 3 — Data-driven customer insights

As digital tools grow more sophisticated, able to capture an ever-growing number of data points, so too should your company's processes regarding market research. "We're seeing a real shift take place in what it means to measure and act on customer insight," Malfara observed during the webcast. "The trend here is towards comprehensive, data-driven systems that predict and help you take proactive action and overcome some of the limitations driven by our traditional systems that are mostly survey-based."

Leaders in the space are moving to a data-driven feedback approach to overcome survey limitations. By aggregating the available data they have at the customer level, these organizations are building predictive systems capable of generating real-time insights. "It's really going to be vital to get the best customer insights we can as we start to reimagine what the future of our businesses will be," Malfara said.

In a poll conduct during the webcast, attendees were asked whether the priority related to customer data changed for their CFO because of COVID-19. A majority of respondents (52%) indicated the priority has intensified, while 39% agreed that the importance of customer data was the same as six months prior to the pandemic. Only 3% indicated that customer data wasn't as important today as it was six months ago.

Figure 4: How has the priority related to customer data changed for your CFO, due to COVID-19?

52%	39%	7%	3%
Customer data is more important than it was 6 months ago	Customer data is as important as it was 6 months ago	We have no priorities as it relates to customer data	Customer data is not as important today as it was 6 months ago

According to McKinsey's Malfara, organizations that want to adopt a more data-based, predictive customer insights model should ensure they have the following in place:

1. data availability, to perform predictive analytics;

2. data scientists and analysts to aggregate and model behaviors;

3. technological capabilities, to handle the vast amounts of customer data that needs to be analyzed; and

4. tangible, practical use cases to model consumer insights.

In the realm of customer service (CX), getting customer feedback has a different meaning than most people assume, Tarkoff commented. In this context, feedback is about predicting and anticipating, not about measuring what happened in retrospect, after you've lost the opportunity to differentiate.

"For CFOs, the opportunity here is to truly gather a rich array of customer signals and data points that can help you with planning, business model transformation and product innovation," Tarkoff observed.

At Oracle, this is a core principle. The company has been in the data business for more than four decades. "We know about the value of not only securing data, data at rest and data in production, but also being able to use it in effective ways to drive your business forward," Tarkoff continued.

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*Rob Tarkoff*

*EVP, Cloud CX and Data Cloud
Oracle*

Strengthening the CFO-CMO Partnership

McKinsey research examined total return to shareholders in organizations that were CX leaders versus those that were CX laggards in the years since the last financial crisis. Leaders experienced shallower troughs and returned a positive total return to shareholders more quickly from 2007 to 2010, outperforming laggards by roughly 3X.

"One of the things I see among CX leaders is a strong culture of collaboration, especially among the CFOs, chief marketing officers, and chief operating officers," Malfara said during the webcast. "Those teams work together to drive customer experience priorities and decide where to invest and where to execute. CFOs are a vital partner in this process because they can help their colleagues understand the value of customer experience investments."

Webcast attendees understood the value of having their CFO meet with his or her CMO as well. When asked about the frequency of such meetings, 55% reported that their two C-suite leaders meet weekly, with 10% of respondents confirming that they meet daily. Of the remainder, 24% meet monthly and just 11% meet quarterly.

Figure 5: How frequently does your CFO now meet with the CMO or CX leadership in your organization?

| 55% | 24% | 11% | 10% |
| Weekly | Monthly | Quarterly | Daily |
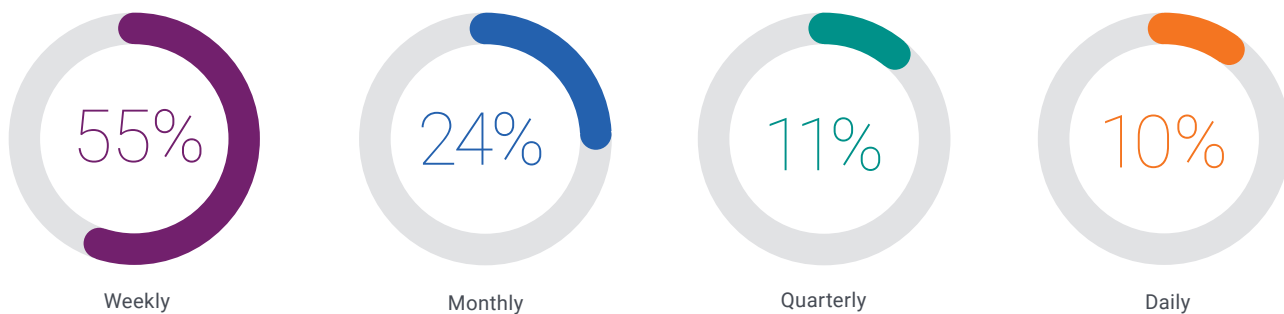
It's a positive shift the Association's Noah has noticed taking effect. "I often talk about the future of finance, how the finance function is shifting from this cost mindset to a value mindset and really driving value," he said. "This really is an opportunity for finance leaders to be partnering with their CMOs and CX leaders."

Oracle's Tarkoff added, "The partnership with the CMO, the head of customer service and the head of sales has to be critical. These front-to-back end transformations must be architected in such a way so they can work end-to-end across one platform so that you, as a CFO, can get the true value from these investments. And I think that's going to be the biggest change in the relationship between CFOs and CMOs."

> *"This really is an opportunity for finance leaders to be partnering with their CMOs and CX leaders."*
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> *Ash Noah, CPA, CGMA, FCMA*
> *Managing Director,*
> *Association of International Certified Professional Accountants*

Next steps for businesses

Prioritize safety measures. COVID-19 is first and foremost a health crisis. Adopting measures that ensure your employees and customers are as safe as possible — from physical floor plans to new, remote ways of operating is the first vital step to getting back up and running.

Invest in the CX experience. This includes creating intuitive digital features that allow customers and employees to go contactless whenever possible. But it extends beyond safety — in this precarious moment, consumers want to support brands that align with their values.

Incorporate data to drive consumer insights. The pandemic has accelerated the need for digital transformation. A significant part of this shift involves moving from a survey-based method of collecting customer feedback to predictive, data-driven systems.

About the Agile Finance Reimagined Series

Agile Finance Reimagined is a five-part webcast and white paper series brought to you by Oracle and the Association of International Certified Professional Accountants (AICPA & CIMA). Visit the *Agile Finance Reimagined* landing page for the full story.

About the Agile Finance research

On the Agile Finance: Reimagining the customer experience webcast, broadcast the week of Aug. 10, 2020, attendees were asked to submit responses to five pulse questions. Each question garnered between 868 to 894 responses. The following is a breakdown of the 894 respondents:

Figure 6: The following is a breakdown of the 894 respondents

573
Other accounting and finance professionals

186
Vice presidents, finance directors, chief accounting officers or financial controllers

548
United States and Canada

174
Europe

90
CFOs

45
CEOs

108
Asia

64
Africa and Latin America

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