



Association  
of International  
Certified Professional  
Accountants™

AICPA® CIMA®

Agile Finance Reimagined

# Reimagining and reforming the business



**Disclaimer:** For information about obtaining permission to use this material other than for personal use, please email [copyright@aicpa-cima.com](mailto:copyright@aicpa-cima.com). All other rights are hereby expressly reserved. The information provided in this publication is general and may not apply in a specific situation. Legal advice should always be sought before taking any legal action based on the information provided. Although the information provided is believed to be correct as of the publication date, be advised that this is a developing area. The Association, AICPA and CIMA cannot accept responsibility for the consequences of its use for other purposes or other contexts.

The information and any opinions expressed in this material do not represent official pronouncements of or on behalf of the AICPA, CIMA or the Association of International Certified Professional Accountants. This material is offered with the understanding that it does not constitute legal, accounting or other professional services or advice. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

The information contained herein is provided to assist the reader in developing a general understanding of the topics discussed but no attempt has been made to cover the subjects or issues exhaustively. While every attempt to verify the timeliness and accuracy of the information herein as of the date of issuance has been made, no guarantee is or can be given regarding the applicability of the information found within to any given set of facts and circumstances.

# Contents

---

**2** Introduction

---

**3** Agile Finance: Reimagining  
and Reforming the Business

---

**4** Setting the stage for reimagination  
and reform

---

**8** How to reimagine and reform the business

---

**9** Strategy No. 1 – Adopt a transformation  
mindset when reallocating resources

---

---

**10** Strategy No. 2 – Pursue programmatic  
M&A and divestitures to improve the  
company's portfolio

---

**12** Strategy No. 3 – Boost productivity  
through digitization

---

**16** Next steps for businesses

---

**17** About the Agile Finance Reimagined series

---

**17** About the Agile Finance research

---

# 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 and their finance teams had already 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 and their finance teams 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 joined to share knowledge and insights from the firm's [body of research](#) on the novel coronavirus and its implications for business.

# Agile Finance: Reimagining and Reforming the Business

The second webcast in the *Agile Finance Reimagined* series, [Reimagining and Reforming the Business](#), was held globally across North America, Europe and Asia-Pacific during the week of June 8, 2020, drawing over 2,100 finance professionals. The webcast identified specific actions CFOs can take to outperform the market, shared practical advice for accelerating business gains through M&A and divestitures, and examined why digitizing finance and operations is key to achieving long-term gains in productivity.

Joining the Association's Managing Director of CGMA Learning, Education and Development, Ash Noah, CPA, CGMA, FCMA, on the webcast as guest speakers were Kyle Hawke, a partner in McKinsey's Corporate Business Function practice; and Rondy Ng, senior vice president, Enterprise Resource Planning Applications Development, Oracle.

# Setting the stage for reimagination and reform

The previous webcast, [Building Finance Resiliency and Returning the Business to Scale](#), examined how CFOs and their teams can navigate the COVID-19 crisis, 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.

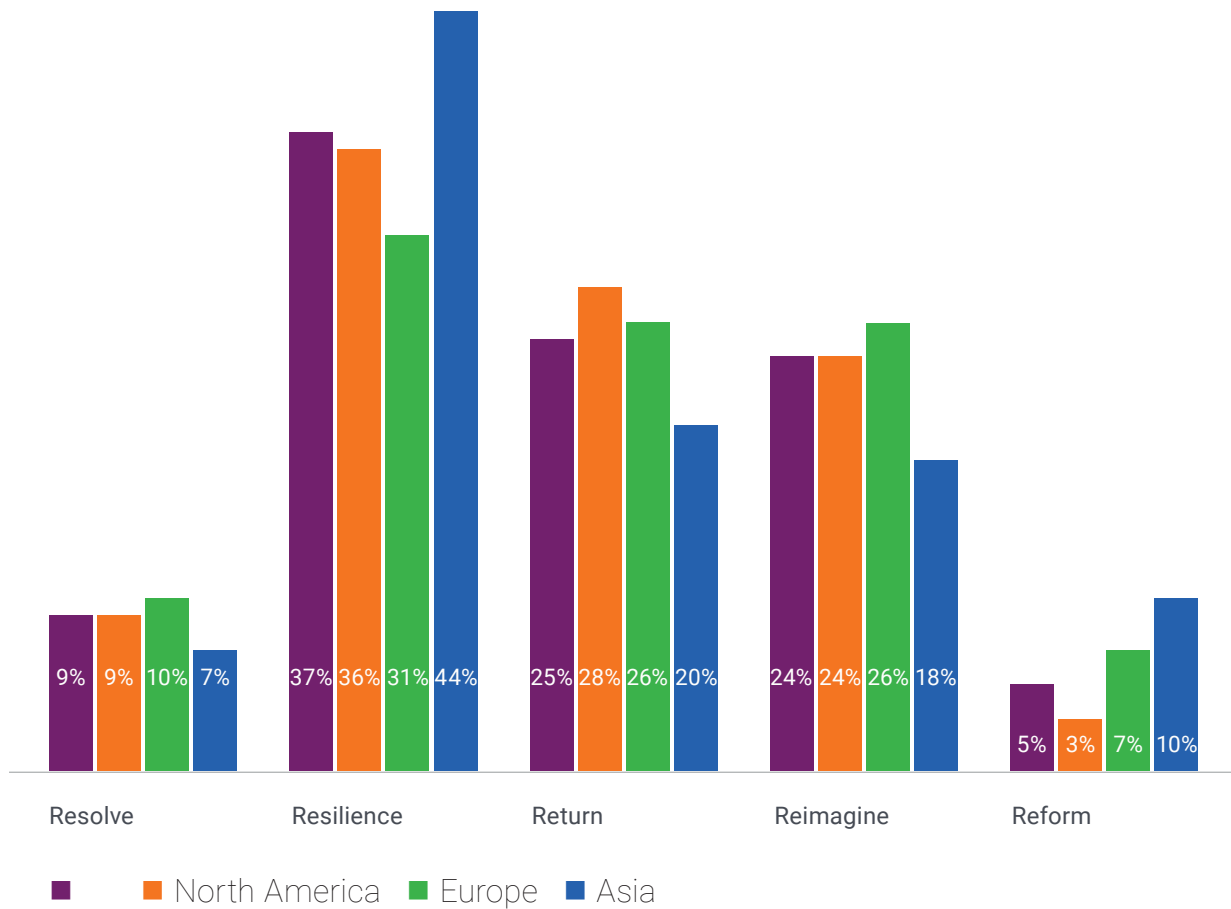
**Reform** – The organization develops a detailed understanding of how the regulatory and business environments may shift as a result of COVID-19, and a long-term plan for adapting to these changes.

“The framework enables us to see these phases from the beginning of the lockdown, which found many of us unprepared for the scale of change that was being forced upon us. And now, a couple of months later, we are preparing to return to quite a different world,” the Association’s Noah said during the second webcast. “Some organizations are already looking ahead; they are reforming; they are reimagining a new way of working, a new way of operating in this post-COVID-19 world.”

In a poll conducted during the initial 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.

Two weeks later, during this second webcast, the Association again polled participants on their organizations’ current stage. Again, a majority of respondents identified themselves as being in either the resilience (36%) or return (25%) phases. However, there was a noticeable shift of nearly 8 percentage points (from 16% to 24%) of respondents who said their organization was now in the reimagine phase, which indicates that companies in the resilience phase are already thinking of ways to pull away from the competition. Some industries are also moving faster as a whole than others. Interestingly, nearly half (42%) of respondents from the highly affected retail industry said their organization was in either the reimagine or reform phase compared to just 29% of respondents overall, an indication that the industry is pivoting faster to try and return to scale.

Figure 1: Based on the McKinsey framework where would you map your company today?



Selecting a single phase isn't always clear-cut. Some companies straddle multiple stages, or toggle back and forth between them. "I see this a lot," McKinsey's Hawke noted during the second webcast. "Executives are thinking about reimagination while directors may still be thinking about resilience and return. That's totally normal. You can bounce back and forth between them."

Following the global financial crisis of 2007–09, McKinsey researched the financial performance of 1,500 public companies to understand how "resilients," or the top 25% in terms of total returns to shareholders, were able to outperform their competitors after the downturn despite not starting with a competitive advantage. "Resilients," the research found, shared key characteristics, including an aggressive approach to reallocating resources and investing in productivity initiatives within the organization.

Both measures helped fuel outsized performance. “Resilient companies drove three times more improvement and operating expenses as a percent of sales,” Hawke observed during the webcast. He was careful to draw distinctions between the previous financial crisis and the current landscape, however. “We should not pretend that the global financial crisis in 2008 and 2009 is the same as what we’re experiencing today,” he said. Whereas the former was purely a financial crisis, “today’s pandemic is a humanitarian and healthcare crisis, which is, therefore, driving economic challenges.”

*“The investment in cloud, the ability to automate and increase the speed from data to decision, can really give companies of all sizes an edge.”*

*Ash Noah, CPA, CGMA*

*Managing Director of CGMA Learning,  
Education and Development  
Association of International Certified  
Professional Accountants*

That said, the importance of data for strategic decision-making is valuable in both situations. Organizations trying to collect, integrate, and use data for resource reallocation, for example, may turn to productivity technologies, such as cloud ERP.

A central strength of the Oracle Cloud ERP platform, Oracle’s Ng noted during the webcast, is its ability to automate key but time-consuming processes such as data reconciliation. “We’ve seen a lot of customers automating their close as part of the transformation,” he said. Ng gave the example of his own company, which is using Oracle’s Cloud ERP, Cloud EPM and Oracle Analytics Cloud applications to achieve its vision of a completely automated, continuous close process. “At Oracle, the company was able to close the books seamlessly while working from home, and even shaved one day off the close process during the pandemic,” Ng noted. “That would be very hard to do with an on-premises system.”

Since standardizing on Oracle Cloud, Oracle’s finance team has eliminated 35% of manual accounting associated with multi-journal, multi-ledger entries; slashed expense allocations by 98%; automated 40% of global balance sheet reconciliations; and automatically reconciled 92% of bank reconciliations. The company closes its books and reports earnings externally in 11 days, and the extra day it saved on the close recently enabled the team to handle new COVID-related compliance and regulatory mandates.

“The investment in cloud, the ability to automate and increase the speed from data to decision, can really give companies of all sizes an edge,” observed the Association’s Noah.

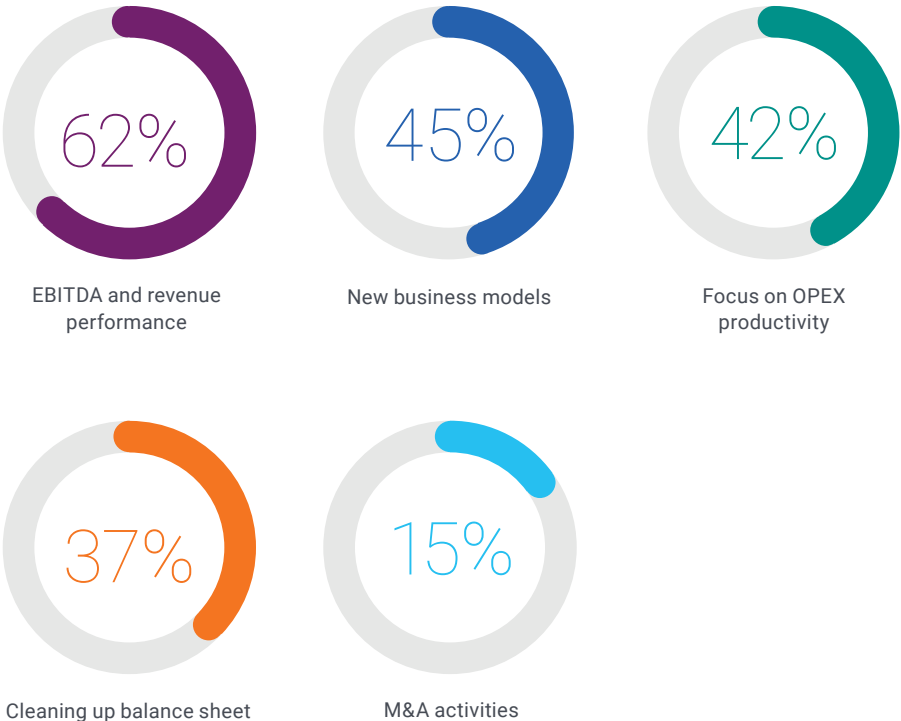


# How to reimagine and reform the business

Once the crisis abates, CFOs will want to return the business to scale. According to McKinsey’s research on the CFO’s role in helping through the coronavirus, that means making bold moves that have the greatest impact on a company’s ability to significantly outperform the market, including dynamic resource allocation, programmatic M&A, strong capital expenditure, productivity breakthroughs, and differentiation improvement.<sup>1</sup>

During the webcast, the Association polled participants on the top three activities they were focused on to prepare their companies for competitive advantage in this next phase of the pandemic. Strengthening EBITDA and revenue performance was the top answer with 62%, followed by a focus on new business models garnering 45% of responses.

Figure 2: In the last quarter, which of the following topics have you prioritized to build finance resiliency?



**Note:** The percentages in the chart denote percentage of total responses, rather than percentage of respondents who selected a given item. Participants could select any number of items.

<sup>1</sup> Agrawal, Ankur, Kevin Carmody, Kevin Laczkowski, and Ishaan Seth, "The CFO's role in helping companies navigate the coronavirus crisis", McKinsey & Company Strategy & Corporate Finance, March 30, 2020.

# Strategy No. 1 – Adopt a transformation mindset when reallocating resources

Periods of immense change are challenging – but they also present opportunities, notably the ability to consider what is and isn't working within an organization. "Crises are often good times to restructure parts of the business that require any sort of a transformation," Hawke observed during the webcast. He noted that he had recently spoken with a large retailer, which had been working on a two-year plan to reformat its 200 stores nationwide. When the pandemic hit and the company realized foot traffic would be significantly reduced, it accelerated the roadmap, completing the plan in a mere two months.

*"This is a time to shelve any sort of incremental thinking and seek out transformational plans that could boost revenues or reduce costs."*

*Kyle Hawke*

*Partner, Corporate Business Functions  
McKinsey & Company*

CFOs and their financial teams should aim for a similar level of transformation, whether it be to manage performance, budgets, expenses or growth projections. "This is a time to shelve any sort of incremental thinking and seek out transformational plans that could boost revenues or reduce costs, not by 5% to 10% but by 30% to 40% in [certain] pockets of the business," Hawke said during the webcast.

Outperforming the competition, Hawke noted, requires boldness. As a result, sweeping change is often a safer bet than incremental improvements. "You can't row at the same pace and expect to outperform your peers," he observed. "What our research has shown is that these big moves are nonlinear, which means that if you pull the lever hard enough, you start to see outsized returns."

To execute on these bold strategies, CFOs require the proper tools. Digitization is a journey that begins with the platform. The current generation of Oracle Cloud ERP is a result of more than 30 years of improvements since the first version of the company's ERP launched. Each new version is an improvement over those that came before, incorporating insights from the more than 7,000 customers, from large organizations to small businesses, which have adopted its cloud solution.

"Many of our customers were running on-premises systems from the early 2000s," Oracle's Ng said, which lack crucial capabilities that are integrated into Oracle Cloud ERP. "The focus is on improving transaction automation, getting you better data and better insights, incorporating different kinds of technology like machine learning and predictive modeling capabilities to help you drive better decisions and take better actions," he observed. With Oracle Cloud ERP, customers receive quarterly software updates with the latest innovations included, giving them new capabilities that enable continuous productivity gains and decision-making improvements in a virtual environment.

Ng pointed out that even the current generation of cloud ERP software is giving companies outside productivity gains now, while preparing them to capitalize on innovations being architected into the software, from AI and machine learning to digital assistants and chatbots. He cited Oracle's [2018 ERP Cloud Benchmark Report](#), which documented how Oracle Cloud ERP customers were already achieving 50% productivity gains in areas such as the reporting and close processes while reducing time-to-market by 20%, decision-support costs by 73% and maintenance costs by 51%.

# Strategy No. 2 – Pursue programmatic M&A and divestitures to improve the company’s portfolio

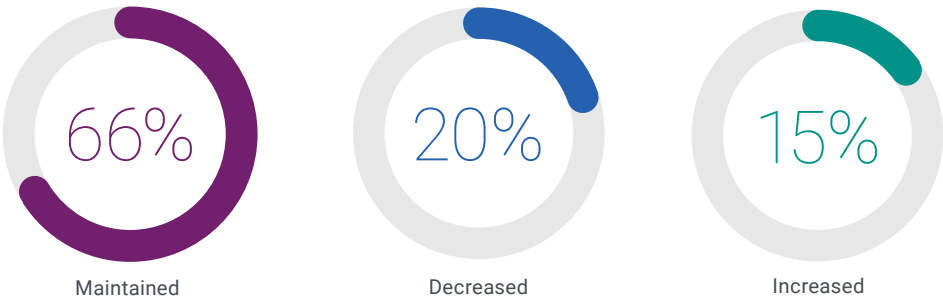
Somewhat counterintuitively, periods of crisis and instability create ripe environments for M&A. McKinsey’s research on resilients suggests companies that successfully bounced back from the downturn were more aggressive about pursuing acquisitions and divestitures. Those in the top 25% conducted significantly more transactions than their counterparts, divesting roughly 40% more in the downturn and making acquisitions earlier as the economy began to recover.

“During the last downturn, companies that used a programmatic approach to mergers and acquisitions delivered excess returns with less volatility than companies that used other approaches to M&A,” Hawke noted during the webcast.

This, he continued, is consistent with the more than two decades of research the firm has done on programmatic M&A, which is defined by making a series of relatively small deals as part of a systematic program rather than pursuing large, flashy individual acquisitions. “The move is more about frequency than it is about size,” Hawke observed.

The Association polled participants during the webcast to determine their current level of M&A activity. A majority (66%) of respondents said they maintained their current intensity of evaluating divestitures or acquisition/merger targets over the last three months. The remaining respondents were split almost evenly between those who increased (15%) or decreased (20%) their level of M&A activities.

Figure 3: In the last three months, have you increased, decreased or maintained the intensity of evaluating divestitures or acquisitions/merger targets?



According to McKinsey's Hawke, "There are really three C's you should be thinking about when it comes to your M&A program:"

**Competitive advantage** – The organization identifies how M&A will contribute to its strategy and pursues transactions that increase its competitive position given economic, industry and strategic shocks.

**Capacity** – The organization identifies how much it can take on, both from a financial affordability perspective and an executive mindshare perspective. It conducts a thorough audit of its financial and operational capacity to finance, structure, execute and integrate M&A transactions in a complex and changing environment. Efforts are made to increase this capacity as needed.

**Conviction** – The organization secures executive and board commitment to M&A despite new or competing priorities and draws up an action plan so it can act on deals in a regular, systematic fashion.

For Oracle's Ng, the ability to optimize the investment portfolio is another area where Oracle Cloud ERP can help thanks to its scalability and flexibility, which allows organizations to scale their acquisition and divestitures strategies up or down as needed. Oracle Cloud ERP also provides capabilities such as rapid integration of newly acquired entities and modeling outcomes to ensure that acquisitions achieve desired synergies.

"Oracle is very acquisitive," Oracle's Ng said during the webcast. "We've been buying a number of companies over the past 20 years – over 100 – many of them large-sized organizations." The company relies on its own cloud ERP to execute a unified approach to M&A and onboarding, which includes moving new acquisitions to its cloud platform within a matter of months.

## Strategy No. 3 – Boost productivity through digitization

The pandemic has exposed the need for finance teams to work together in the cloud to conduct virtual closes and other remote activities. “We know that digitization and automation really enable CFOs to move up the value chain, to automate the more transactional and repeatable types of activity to focus on more value-creating activities,” said the Association’s Noah during the webcast.

CFOs should take a leadership position in advocating for the use of digitization across the organization, McKinsey’s Hawke advised during the webcast. This proactive embrace of digitization is invaluable for ensuring a framework for accurate reporting, informed decision-making and business continuity is in place in advance of any future crises.

The Association polled participants on where they are focusing their digitization efforts to increase efficiency and productivity within finance and found that several strategies were being prioritized, with informed decision-making taking the top spot at 73%, followed by planning and budgeting at 69%.

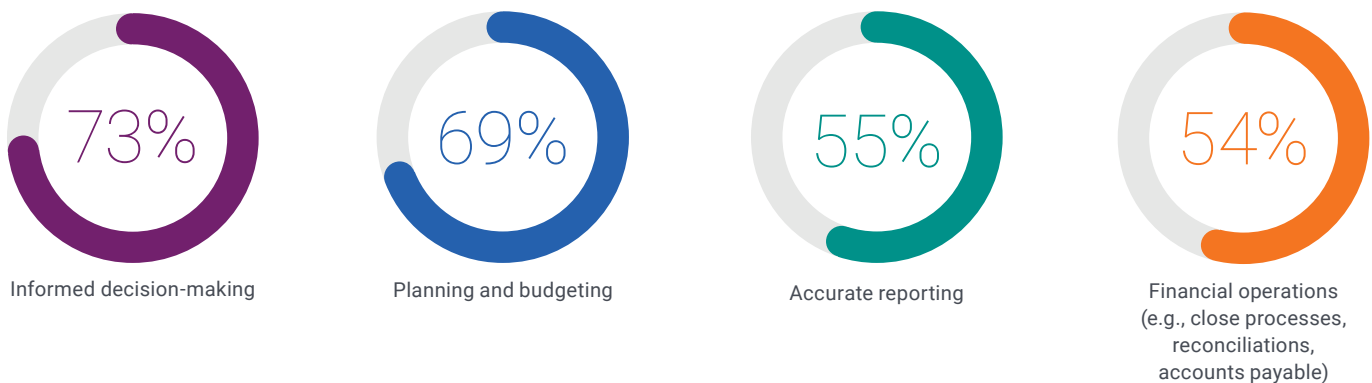
*“We know that digitization and automation really enable CFOs to move up the value chain, to automate the more transactional and repeatable types of activity to focus on more value creating activities.”*

*Ash Noah, CPA, CGMA*

*Managing Director of CGMA Learning,  
Education and Development*

*Association of International Certified  
Professional Accountants*

Figure 4: Which of the following strategies are you implementing to increase efficiency and productivity for recovery?



Note: The percentages in the chart denote percentage of total responses, rather than percentage of respondents who selected a given item. Participants could select any number of items.

Hawke then shared four key digital technologies that are reshaping the finance function:

**Automation and robotics** – This allows the organization to make processes more efficient, by automating data reconciliation, for example.

**Data visualization** – This provides end-users with real-time financial information, generating user-friendly, dynamic dashboards and graphics tailored for internal customer needs.

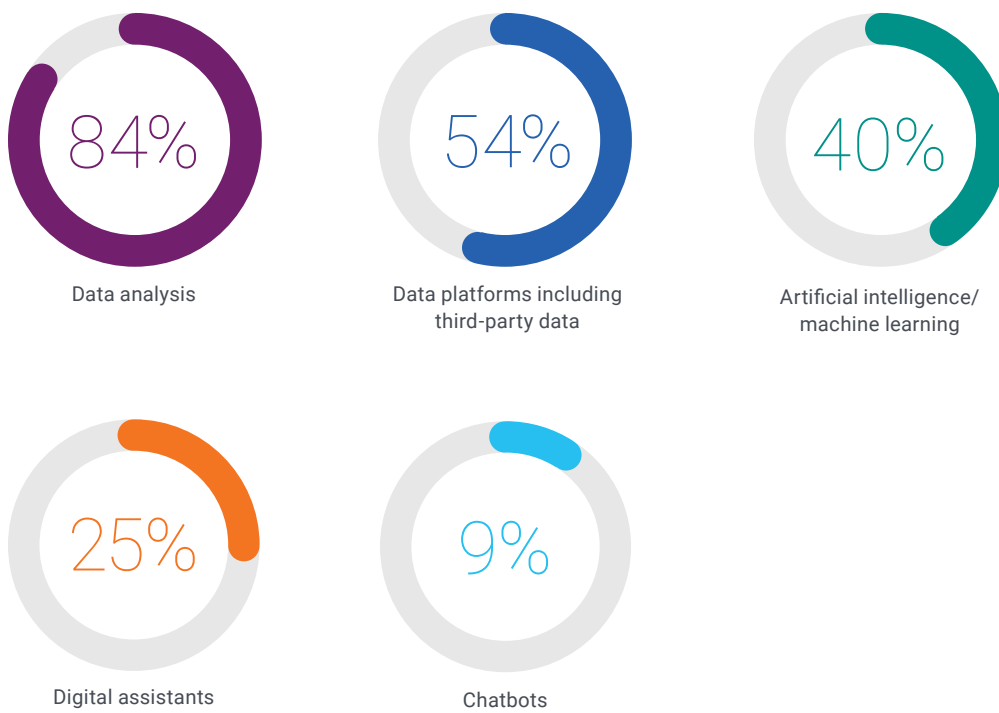
**Advanced analytics** – This accelerates decision-making, leveraging self-optimizing algorithms to generate preliminary sales forecasts that can then be reviewed by employees.

**Advanced analytics for business** – This uncovers hidden shareholder value and growth opportunities, such as optimization of pricing and SKU lineup.

Participants were then asked which digital technologies they were investing in to increase efficiency and productivity, with data analytics being the top technology at 84%, followed by data platforms at 54%. Artificial intelligence and machine learning ranked third at 40%, followed by digital assistants at 25% and chatbots at 9%.

Figure 5: Which technologies are you continuing to invest in to increase productivity and efficiency?

---



**Note:** The percentages in the chart denote percentage of total responses, rather than percentage of respondents who selected a given item. Participants could select any number of items.

Advanced data analytics and platforms can help predict outcomes and improve decision-making, especially when relying on historical trends or past behaviors becomes irrelevant during a pandemic. Having access to a single, unified source of real-time data allows finance teams to quickly analyze what's different or what's changed in the current environment, and then create scenarios of what might happen in the future, to put the right action plans in place. Likewise, automation can significantly improve productivity, as it frees up finance teams to move from manual tasks to more strategic ones such as identifying new revenue streams, conserving cash, mitigating operational risks, and maintaining compliance with new regulations.

*“The view from the front office to the back office is critical, not just to operationalize new business models, but help manage ongoing changes. The CFO, in this particular case, is going to be a key driver of these business changes.”*

*Rondy Ng*

*Senior vice president, Enterprise Resource Planning Applications Development  
Oracle*

“At Oracle our strategy has always been to provide a single integrated service: a connected enterprise with connected data and a connected view of business processes to help you actually drive these big transformations,” Ng said. “The view from the front office to the back office is critical, not just to operationalize new business models, but help manage ongoing changes. The CFO, in this particular case, is going to be a key driver of these business changes.”

“Our big focus is to help our customers manage all different types of data,” he continued, empowering them to funnel and manage information through a single, unified platform. As a result, CFOs and their finance teams can seamlessly incorporate features such as continuous forecasting, modeling and embedded recommendations to make day-to-day decisions as well as plan for the future.



## Next steps for businesses

**Look for outsized productivity gains.** During periods of uncertainty, investing in productivity initiatives becomes more vital than ever. Technologies such as cloud ERP will enable your company to boost performance and gain an edge over the competition when it's needed most.

**Advocate for digitization.** Take a leadership position in pushing for the use of automation, robotics, data visualization and advanced analytics across the organization. When deployed strategically, the gains from incorporating these digital technologies are immense. Automating time-consuming rote processes, for example, allows your team to focus on higher-level tasks.

**Be bold about reallocation.** Surviving in a difficult environment requires more than incremental changes to your financial model. Be aggressive about setting goals such as reducing costs or boosting revenues.

**Adopt a programmatic approach to M&A.** Periods of crisis make ripe environments for M&A. Not all deals are created equal, however. Research has shown organizations that make regular, relatively small purchases outperform those that make large but infrequent acquisitions.

# About the Agile Finance Reimagined Series

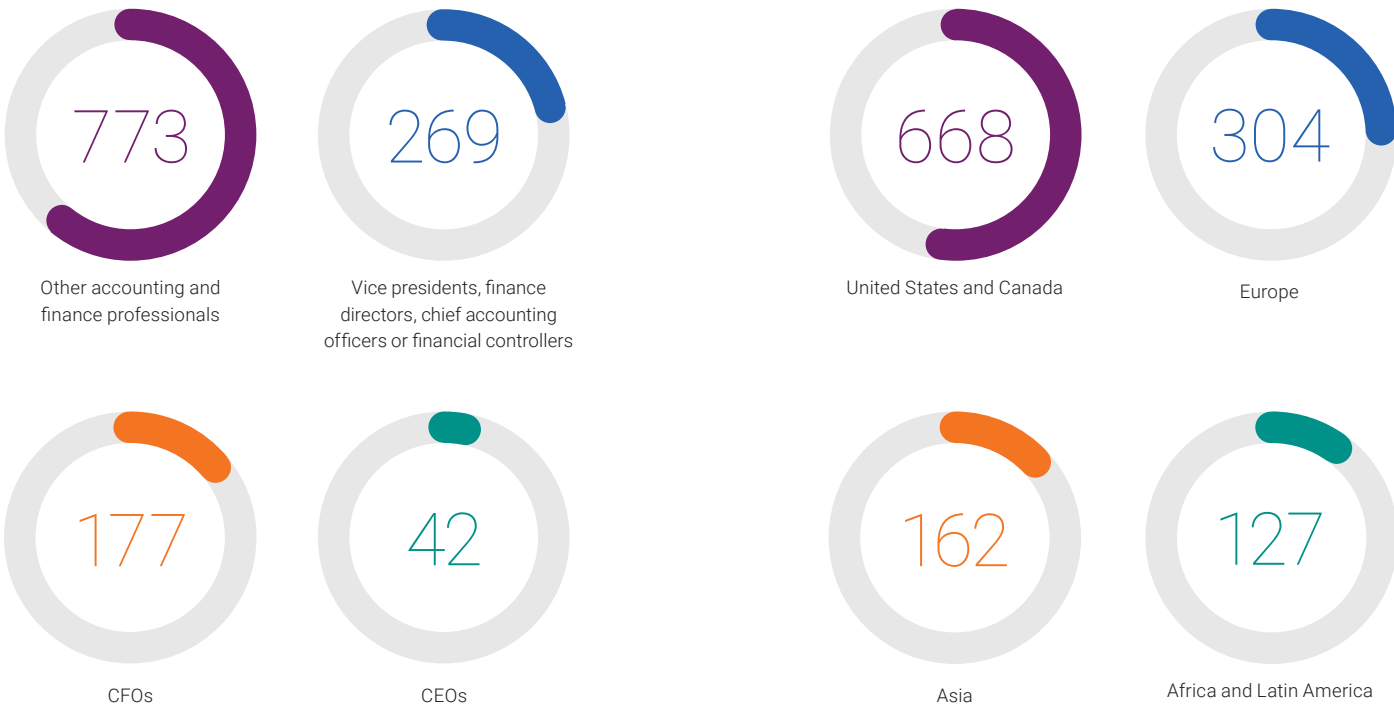
Agile Finance Reimagined is a five-part webcast and white paper series brought to you by Oracle and the Association of International Certified Professional Accountants (AICPA & CIMA). View the following for the full story:

- **Part 1:** [Building Finance Resiliency and Returning the Business to Scale on-demand webcast and white paper.](#)
- **Part 2:** [Reimagining and Reforming the Business on-demand webcast.](#)

# About the Agile Finance research

On the Agile Finance: Building Finance Resiliency and Returning the Business to Scale webcast, broadcast in June 2020, attendees were asked to submit responses to five pulse questions. Each question garnered between 1,233 to 3,158 responses. The following is a breakdown of the 1,261 respondents:

Figure 5: The following is a breakdown of the 1,261 respondents



### **About the Association of International Certified Professional Accountants**

The Association of International Certified Professional Accountants (the Association) is the most influential body of professional accountants, combining the strengths of the American Institute of CPAs® (AICPA) and the Chartered Institute of Management Accountants® (CIMA) to power opportunity, trust and prosperity for people, businesses and economies worldwide. It represents 650,000 members and students in public and management accounting and advocates for the public interest and business sustainability on current and emerging issues. With broad reach, rigor and resources, the Association advances the reputation, employability and quality of CPAs, CGMAs and accounting and finance professionals globally.

[aicpa-cima.com](http://aicpa-cima.com)

### **About Oracle**

The Oracle Cloud offers a complete suite of integrated applications for Sales, Service, Marketing, Human Resources, Finance, Supply Chain and Manufacturing, plus Highly Automated and Secure Generation 2 Infrastructure featuring the Oracle Autonomous Database. For more information about Oracle (NYSE: ORCL), please visit us at [oracle.com](http://oracle.com).



Association  
of International  
Certified Professional  
Accountants™

AICPA® CIMA®

ORACLE

[aicpa-cima.com](http://aicpa-cima.com)

Founded by AICPA and CIMA, the Association of International Certified Professional Accountants powers leaders in accounting and finance around the globe

© 2020 Association of International Certified Professional Accountants. All rights reserved.  
Association of International Certified Professional Accountants is a trademark of the Association of International Certified Professional Accountants and is registered in the US, the EU and other countries. The Globe Design is a trademark owned by the Association of International Certified Professional Accountants. 2006-16157

[oracle.com](http://oracle.com)

Copyright © 2020, Oracle and/or its affiliates.  
All rights reserved. Oracle and Java are registered trademarks of Oracle and/or its affiliates. Other names may be trademarks of their respective owners.