Leverage the cloud in transforming back office functions

96% of companies say that they are focused on transformation

<50% Less than 50% of consumers say they reap the value they expect

76% of business function leaders are considering using the cloud

83% lacked execution and implementation capabilities to put a new operating model in place

KPMG Global Transformation Survey, 2016

Why is it relevant?

- Over the years companies have built on their own systems and not integrated systems from acquisitions.
- Despite the ability of cloud technology to transform business operations such as finance, HR, supply chains and procurement many organizations still fail to exploit its full potential.
- By unlocking the capabilities of cloud technology, organizations have the opportunity to transform and achieve a greater step change in value.

Potential benefits

Companies can not only improve their efficiency through the use and integration of clouds, but also gain access to completely new and innovative tools and business models, which allows them to gain competitive advantages very quickly.

- More powerful and more functional ERP, CRM and Office systems with up- and downscalable costs (“pay as you use”)
- Use of highly effective and professionally managed security arrangements
- Use of almost infinitely scalable platforms allowing a faster and cheaper exploitation through Big Data Analytics, e.g. for MIS analytics, simulations and prognostics
- Faster time to market because of pre-defined application modules and Business Process Outsourcing services
- High agility because of pre-defined systems and integration e.g. of CRM systems into social networks or of components of the “Internet of Things”
- Simple and quick integration of the cloud IT functionalities of other companies allows faster M&A as well as the set-up of so-called “adhocracies”, i.e. joint ventures with other firms for a certain period of time.
Boardroom Questions

1. Is our back office agile enough to change with our business needs?
2. What efficiencies are we looking to gain in our back office?
3. What investments in technology are we currently considering?
4. Which technology vendors and products are right for our business?
5. What ROI are we looking for from our transformation investments?
6. What is our company’s vision for the future, and how can the cloud help us get there?
7. Have we been able to integrate recent acquisitions’ systems and can we do so easily in the future?

Questions for senior management

1. Do you have the right Chart of Accounts and Legal Entities to support the business?
2. How many manual reconciliations do you conduct each month/quarter?
3. Is there an opportunity to consolidate systems into a single platform?
4. Are there any material weaknesses due to controls and segregations of duties?
5. Do you have the right organizational model for back office processing?
6. Are the right functions being performed in service centers or with a business processing outsourcer?
7. Is there an opportunity to automate your planning and forecasting functions?
8. How secure are your finance data and systems?
9. How do you finance and administration costs compare to your peer companies?
10. How spreadsheet driven is your process?

What actions can the Board consider?

1. External security and controls assessment
2. Benchmark study for back office technology costs
3. Business case for back office systems rationalizations and cloud migration
4. Roadmap for finance and HR migration to the cloud

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