Creating increased enterprise value requires finance leaders to adapt both to a rapidly changing external business environment and to the internal demands made of the finance function. Finance processes must be kept current and flexible to:

- Provide the additional value demanded by stakeholders
- Align finance strategy to overall business objectives
- Meet increased regulatory and reporting expectations
- Manage cost pressures and a changing risk profile

Finance leaders understand that these challenges often present opportunities to change and improve their organization’s finance function. This change must be proactively managed to make certain that the finance function operates cohesively with the rest of the organization.

The challenge for today’s finance leaders is to create value by driving the business forward for the future while, at the same time, continuing to monitor and secure its value today.

The finance function supports its organization’s growth by identifying value-creation opportunities, operating efficiently and effectively, and managing business performance. When identifying value-creation opportunities, finance can best support the business by providing the right information to their stakeholders at the right time and being closely involved in strategic discussions. To be efficient and effective, the finance function should have an appropriate operating framework and supporting policies, procedures and processes. Lastly, when managing business performance, finance leaders should be active business partners providing advice and support to all levels in the business – from strategic to operational.
Today’s corporate environment presents organizations with an array of issues. By looking at how their finance team is organized, businesses may be able to address and improve some of the key issues and challenges below:

<table>
<thead>
<tr>
<th>Business issues</th>
<th>Finance function challenges</th>
</tr>
</thead>
</table>
| **Responsiveness to business needs** | • Limited time to focus on higher value-added activities (e.g., strategic planning and decision support system)  
• Inadequate focus on complex business performance management  
• Need for a closer integration between finance and other areas such as risk and technology  
• Silo approach leading to business inefficiencies |
| **Efficiency and cost pressures** | • Rise of outsource usage and increase of finance activities available for outsourcing  
• Inadequate focus on leveraging low-cost geographies for finance and shared service centers (SSCs)  
• Need to leverage investments in technology to reduce cost  
• Need for standardization and simplification of finance processes |
| **Technology**               | • Lack of preparedness and foresight to adapt to increasing and more complex reporting and business needs  
• Inefficiencies in reporting – balance between speed, cost and output  
• Greater need for a single source of truth for financial information  
• Focus on data analytics, technology controls, cyber security and business continuity |
| **Governance, risk and compliance** | • Greater accountability on CFO and senior executives  
• Need to document and prove financial controls in an ever-changing business and regulatory environment  
• Need to balance cost and control, and embed control in business processes  
• Increasing regulatory, legislative, supervisory and contractual compliance pressures |
The prevailing view is that the finance function has been in “react mode” and is now challenged to improve and add value. Finance leaders are aware of this challenge and have already identified the changes required.

The way forward

Strategic direction and decision support

- SSC strategy and managed services operating model
- Target operating model – design and delivery
- Governance framework and change management
- Process transformation and reducing cost of finance
- Alignment of finance strategy to overall business objectives
- Define role of finance, scope of activities, optimal organization model and governance structure
- Establish common core structures for finance operations
- Standardization of management reporting and financial budgeting, global processes
- Fast close of books
- Transition to local GAAP
- Integrates solutions with enterprise data warehouse
- Deploy single global platform for reporting
- Deploy single global platform for financial planning
- Further standardization and streamlining of core transaction processes (e.g., within shared services environment)
- Expand planning process transformation: strategic plan, operational planning processes
- Assess ERP system; alignment of code block based on more consistent management models

People and organization

- Centers of excellence for specialist functions
- Talent and performance management processes for finance

Process and policy

- Further standardization and streamlining of core transaction processes (e.g., within shared services environment)
- Expand planning process transformation: strategic plan, operational planning processes

Technology and data

- Assess ERP system; alignment of code block based on more consistent management models

Current scope

Future phases

6 to 24 months

2 to 4 years

Achieving the right balance

The key challenge for finance is to improve in all three dimensions while retaining the appropriate balance for the organization.

Effectiveness

High cost

High risk

Potential balance

Control

Efficiency

Striking a balance for the organization
EY can help you address issues in each of the four key areas of the finance function.

### Strategic direction and decision support

<table>
<thead>
<tr>
<th>Focus and objectives</th>
<th>EY can help you with:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Process and policy</strong></td>
</tr>
<tr>
<td>▪ Sharper cost focus</td>
<td>▪ Alignment of finance strategy to overall business objectives</td>
</tr>
<tr>
<td>▪ Elimination of operating silos</td>
<td>▪ SSC strategy and vision</td>
</tr>
<tr>
<td>▪ Continuous improvement of support services</td>
<td>▪ Target operating model – design and delivery (outsourcing, offshore, “build-operate-transfer” (BOT), captive, etc.)</td>
</tr>
<tr>
<td>▪ Appropriate operating model</td>
<td>▪ Governance framework and change management</td>
</tr>
<tr>
<td>▪ Process reviews, documentation and standardization</td>
<td>▪ Analytics, reporting and insights</td>
</tr>
<tr>
<td>▪ Policies and procedures</td>
<td>▪ Improvement in statutory reporting</td>
</tr>
<tr>
<td>▪ Process risk and controls</td>
<td>▪ Legal entity rationalization</td>
</tr>
<tr>
<td>▪ Improvement in structure, roles and identification of responsibilities</td>
<td>▪ Local compliance and reporting requirements</td>
</tr>
<tr>
<td>▪ Training and knowledge transfer</td>
<td>▪ Internal and external reporting</td>
</tr>
</tbody>
</table>

### Technology and data

<table>
<thead>
<tr>
<th>Focus and objectives</th>
<th>EY can help you with:</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ IT strategy aligned with broader business objectives</td>
<td>▪ Review of IT strategy and its impact on finance organization and SSC strategy</td>
</tr>
<tr>
<td>▪ Act as a business enabler</td>
<td>▪ Review of IT operations as a critical enabler to the finance function</td>
</tr>
<tr>
<td>▪ Automation and integration resulting in increased efficiency and effectiveness</td>
<td></td>
</tr>
</tbody>
</table>

### Process and policy

<table>
<thead>
<tr>
<th>Focus and objectives</th>
<th>EY can help you with:</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Appropriate or lean organization structure, roles and responsibilities</td>
<td>▪ Organization design</td>
</tr>
<tr>
<td>▪ Training, development and improving skill base</td>
<td>▪ Improvement in structure, roles and identification of responsibilities</td>
</tr>
<tr>
<td>▪ Defined career path</td>
<td>▪ Training and knowledge transfer</td>
</tr>
</tbody>
</table>

### People and organization

<table>
<thead>
<tr>
<th>Focus and objectives</th>
<th>EY can help you with:</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Appropriate or lean organization structure, roles and responsibilities</td>
<td>▪ Organization design</td>
</tr>
<tr>
<td>▪ Training, development and improving skill base</td>
<td>▪ Improvement in structure, roles and identification of responsibilities</td>
</tr>
<tr>
<td>▪ Defined career path</td>
<td>▪ Training and knowledge transfer</td>
</tr>
</tbody>
</table>

### Achieving the right balance

EY can help you address issues in each of the four key areas of the finance function.
Support function activities are allocated to different service delivery models with the aim of improving cost efficiency and raising quality and service levels.

### Shared and managed services operating model considerations

| Local and HQ service provision | Business function partnering | Centers and Communities of Excellence | Self-service and virtual shared services | Physical shared services |

How EY can help your finance function

- **Industry and subject matter knowledge and team**
  - Our depth of global experience, including research and analysis, provides subject matter resources and insights to our clients.
  - Our team integrates capabilities across our multidisciplinary service lines to deliver the full range of recommendations to address your needs.

- **Methodical execution and delivery**
  - We harness leading-edge project management techniques and tracked benefits delivery, supported by clear change management principles.
  - Our integrated service delivery approach includes benefits management starting with an individual project and ending with financial statement impact.

- **Rapid and efficient approach**
  - We can assist you to identify and deploy savings initiatives that can fund the assessment, rationalization, review and realization phases of the improvement program.
  - We work with your leadership to agree on a common vision of success and shape a program that is commercially compelling and realizable.

- **Drive sustainability**
  - We understand the psychology of cost – sustainability is the key focus from the outset, considering cost effectiveness in recommendations.
  - We frame cost improvement opportunities in terms of a desirable end-state to help to “take the pain of change” out of the process.

Delivering results with independence and objectivity
- Clear action plan
- Measurable benefits
- Fast and efficient delivery
- Proven approach
- Industry knowledge
- Leading practices
- Risk management
- Sustainable execution

Certain of our services for an audit client and its affiliates may be more limited in order to comply with applicable independence standards. Please reach out to your EY contact for further information.
The FAAS approach is aligned to the CFO agenda and is therefore positioned to deliver insights. FAAS plays a pivotal role in leading a multi-disciplinary team of experienced professionals in accounting, financial reporting, technology and performance improvement. Members of the FAAS team can support throughout all phases of a project – from diagnostic through design and supporting implementation:

- Accounting policy and governance
- Accounting processes
- Financial reporting and accounting close
- Consolidation and reporting
- Managed services
- Analytics and technology
- Training

Contacts:

Pankaj Chadha  
FAAS  
pankaj.chadha@in.ey.com  
+91 124 6714 150

Vish Dhingra  
FAAS  
vish.dhingra@in.ey.com  
+91 124 4435 020

Myles Corson  
FAAS  
myles.corson@ey.com  
+1 212 773 3000

Ken Akaishi  
Japan FAAS  
akaishi-kn@shinnihon.or.jp  
+81 3 3503 1100
EY | Assurance | Tax | Transactions | Advisory

About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2016 EYGM Limited.
All Rights Reserved.
EYG no. 00505-163GBL
BMC Agency
GA 0000_04777
ED None

In line with EY’s commitment to minimize its impact on the environment, this document has been printed on paper with a high recycled content.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com