



Voice of the CFO

Coming to grips with analytics

Where does it sit, what are the use cases, and what does it mean for talent acquisition?

Through recent conversations that KPMG LLP has had with chief financial officers (CFOs) across industries, it has become clear that artificial intelligence (AI), machine learning (ML), and advanced analytics, as well as relevant use cases and attracting related talent, are very much top of mind. While CFOs are not alone in bringing these technologies to the fore—relying heavily on data scientists, traditional information technology (IT) teams, and, increasingly, cybersecurity—many of them are considering having analytics-related decision-making sit in the finance function.



Key takeaways

- The furor around AI has not been lost on the finance function as CFOs focus on the most valuable use cases for their organizations in the near, mid, and long-term.
- CFOs are grappling with where analytics should sit within the organizational structure, with decisions ranging from housing it in the finance organizations to hub-and-spoke models comprising a centralized data science team and use-case-focused teams in the business units.
- Most agree that governance, security, and regulations need to advance at the same pace as analytics-related innovation.
- There is a dichotomy between organizations that view AI, analytics, and automation as replacements for repetitive job functions and those that are focused on attracting data science and other advanced technology talent.
- CFOs generally agree that data quality is a high priority across all organizational domains and is a key factor in achieving success with AI.

Anticipating AI's potential

While many organizations are experimenting with ChatGPT, most are focused on true AI, which they believe will have a profound effect on their business models in the future. One technology CFO said that “while ChatGPT is bringing AI into the forefront, we have a centralized group evaluating not only the technologies, but the use cases for the technology. I have a tech team embedded in my finance team that has been thinking about how to apply AI and ML for numerous years now.”

One technology CFO said that their vision for AI encompasses analytics, customer care, accounting, and treasury, as in cash placement and liquidity management across the globe. An engineering CFO said their focus is less on back-office functions and more on customer-facing finance functions and M&A deals. An automotive CFO said her organization envisions AI as a tool for transforming finance from reporting to more value-driving functions. At the same time, she is already using it to manage service scheduling, supplement call center functions, and respond to customer feedback.

Some healthcare organizations seem ready to use AI for such administrative functions as managing patient throughput in hospitals and mapping bays with algorithms for maximum efficiency. In contrast, others are more focused on the risks, such as one insurance CFO who said he is concerned about using AI for underwriting due to the risk of inaccuracies.

Organizational structure for data-driven capabilities

While there is certainly variety across industries and companies, more CFOs are considering pulling data and analytics (D&A) into finance. According to Julio Hernandez, KPMG C&O Commercial principal: “Analytics is already happening in finance. How else can organizations figure out what questions to ask, prioritize projects, and allocate resources? Further, CFOs can ensure that the organization doesn’t spend so much time trying to get the data exactly right before analytics start generating value.” Sam Ganga, Advisory Principal and a D&A leader at KPMG, agrees: “Data literacy programs can no longer be siloed within data science teams. Whole organizations should be well-versed in data-driven decision-making.”

Technology industry

CFOs from the technology industry were, understandably, a bit more mature on the analytics adoption curve.

One CFO said, “At our large organization, D&A is a multichannel function. While the digital team is the steward of the tool sets, operations, supply chain, and especially finance are all working on applying analytics to business functions and solutions.”

Another technology CFO said, “We are trying to form a partnership between finance and the chief digital officer’s team with the CIO handling infrastructure, and the CDO overseeing governance—with both reporting into finance.”

Healthcare industry

In the pharmaceutical industry, analytics and even AI are already being used for strategic uses cases such as drug discovery, virtual clinical trials, and commercialization. An industry CFO said, “I have IT under my responsibility, so I’m certainly focused on data and analytics in my role, and that will likely extend to AI decision-making. Separately, we have a corporate D&A group within the IT department that chooses tools, supports the infrastructure, and does advanced analytics.”

Food industry

A food industry CFO said, “We are trying to pull IT and analytics back into finance and build muscle around it. We have had a lot of learnings, and I wish we had this all under finance to begin with.” Another CFO said, “I would like to see D&A in finance, although it should be separate from FP&A to make sure we can scale it, have growth platforms across the organization, and use it in value-added businesses within our portfolio.”

Manufacturing industry

One industrial CFO represented an organization that is illustrative of relative analytics maturity. The organization has more than 60 enterprise resource planning systems that they have been migrating into their digital transformation initiative. “Since we have access to data that no other company on the planet has at its disposal, we have a competitive advantage,” he said. “All of our master data management and peripheral tools are housed under one structure so we can easily layer AI and D&A on top. Overall, we have a combination of a small centralized corporate D&A group with PhD-level data scientists, as well as D&A in the business units. Since we are committed to educating the larger organization on analytics and AI, we are offering six-month rotations where people can spend three days a week with the corporate group and two with their business units.”

The importance of clean data

Sam Ganga from the KPMG D&A team stressed that organizations need to line up their data strategies early on. “CFOs are at different points in their journey. Everybody is learning,” he said. “This is not a muscle we are accustomed to using at an enterprise level, but we all want to use D&A and AI as competitive advantages. One critical thing to remember is that, even in mature organizations, if you can’t trust the data, you can’t trust the insights.”

One food industry CFO agreed, saying the C-suite is very concerned with data governance and security. “We have to have one source of truth and know that folks are using the right data for the right insights,” he said. “The question is, can we bring data under one umbrella? If we do that, we’ll have more control, but we could also take away some agility from our local entities.”

A financial services CFO said they have already centralized data under one corporate team so that “all of our users pull the same datasets.” That said, in his organization, finance is not the biggest user of data, although they are looking for use cases where they can feed data into a data warehouse and then into the general ledger. In contrast, he sees more use cases when it comes to trade data, that is if they can “normalize it, measure the risk, and look for trends.”

An insurance CFO is also considering centralization of data, but it is not an easy decision: “For us, even if data is centralized, we still need capabilities within the finance organization and in other functions as well. The questions we are asking ourselves include: What would it mean to house the capabilities in finance? Will a hub-and-spoke model work best? No matter what, finance needs to have input and a seat at the table, so we can do validation and, ideally, connect to customer value.”

Ganga added a few caveats about “data debt” that are important for CFOs to remember: “There is a good chance that enterprises will build up data debt like they did with tech debt. It’s risky if there is a gap between what the business needs and what the technology organization can support. Organizations should get in front of this issue with centralized governance, so data debt doesn’t get the chance to take hold.”

The impact of advanced technology on talent strategies

On the one hand, many CFOs view AI, analytics, and automation as a means of either cutting headcount or reskilling pockets of the workforce for higher-level work. On the other hand, it isn’t easy to find and attract the data science and other advanced technology talent that are needed to bring an organization into the future.

On the first issue, one industrial CFO said they were analyzing which functions were most appropriate to replace or supplement with automation, including accounting, customer service, and technical sales. “The business case is ultimately productivity,” he said. “That may mean reducing headcount, but we also want to drive efficiencies with the workforce we have in place.”

A retail CFO was less focused on reducing headcount than on attracting talent and retraining current staff. “When it comes to hiring new folks, we are more focused on analysts than data managers. However, our tenured employees should also be amenable to change and reskilling.” This sentiment was echoed by a technology CFO who said, “Step one is productivity. We need to define the value proposition. Is it taking costs out? Or is it making incremental changes to get higher revenue per employee?”


When it comes to attracting talent, a healthcare CFO said his organization was committed to placing technologists with digital skill sets across the workforce. “We need to build more democratized digital skill sets in different business functions, such as accounting, financial operations, and others. In the future, we won’t have different role levels but will align all job profiles to skill sets. It’s all about incentivizing and encouraging people to invest time in developing themselves.”

All CFOs agreed that an important part of their talent strategy is change management. “People equate automation with the elimination of positions,” one said. “So, we need to drive home that we aren’t looking to do that right now. Instead, we have instituted rotational


programs to offer people exposure to different kinds of work. On the digital skill set side, we are rolling out a curriculum that includes badges people can earn when they reach different qualification levels. Lastly, we are working closely with HR to map skill sets against roles we need to fill.”

A final thought from Ganga sums up how all CFOs should be thinking about analytics and AI: Regarding being tech rich, but value poor, “CFOs should take a step back and define the value they expect to realize from these efforts. There’s no point in spending years cleaning data if you don’t know what you are ultimately trying to accomplish from a value perspective.”


Additional insights




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