



# FINDING THE NORTH STAR: A POINT-OF-VIEW FOR FINANCE TRANSFORMATION

## Abstract

As with any transformation program, finance transformation can either deliver incremental wins or enterprise-wide value. Success hinges on the organization's ability to institute the right framework when identifying the goals of their transformation before committing to investments.

This paper reveals three critical areas that enterprises must focus on during the 'Identify' phase of transformation. It also how discusses Infosys Finance-as-a-Service is a fitting tool that helps CFOs drive successful transformation programs.

## Introduction

Organizations want to change and grow in ways that create waves in their industry. But simply chasing change is pointless. They must adopt a tactical approach to executing change in order to ensure successful outcomes. This requires identifying the current state (what is) and the target state (what will be) at the very beginning of the transformation journey. Additionally, the C-suite must articulate the value to be gleaned by moving from one state to the

other.

A previous Infosys paper [‘The Curious Case of Transformations — Where’s The Value?’](#) discussed the three stages of value creation, namely Identify, Design, and Realize. This paper drills down further into the ‘Identify’ phase to understand the importance and scope of the assessments.



## Assessment: The First Step on the Transformation Path

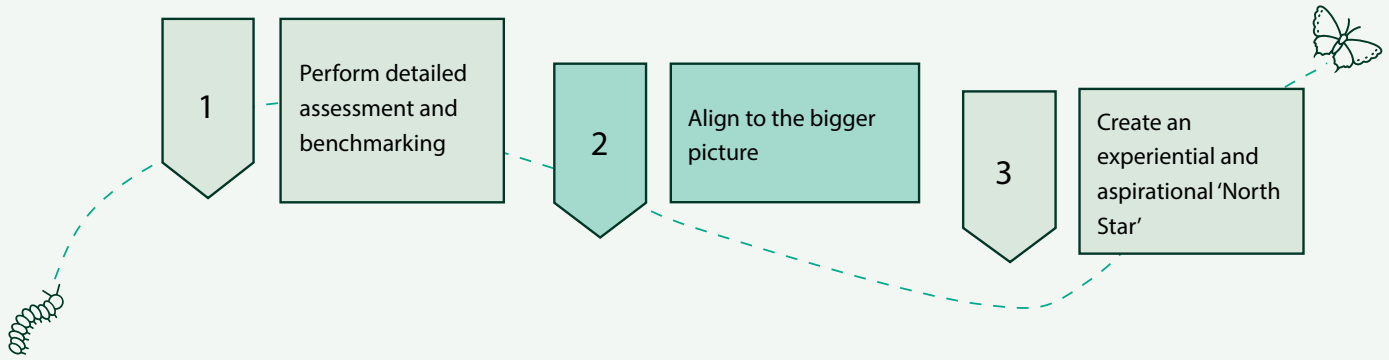


Figure 1 – Finding the right plot for transformation

To measure the value of a transformation program, organizations must conduct the following steps during the 'Identification' phase:

**1. Perform detailed assessment and benchmarking** – Business leaders should provide realistic key performance indicators (KPIs), particularly when there is no database to capture such measures. The lack of visibility into the current state results in a directionless transformation program and wasted effort. Peer comparison or benchmarking can help maintain the scale, scope, and geographies of transformation.

To illustrate with a real-world case study, Infosys conducted a comprehensive set of assessments within the finance department of a communications service provider (CSP). Group sessions were organized with the departmental heads to understand the current state, define the metrics, and agree on the final state. Infosys also conducted benchmarking with industry peers in the US market, which was the focus market for the client. The result was a near-perfect measurement of the organization's performance and a clear, quantifiable value of the opportunity for improvement.

### Analysis

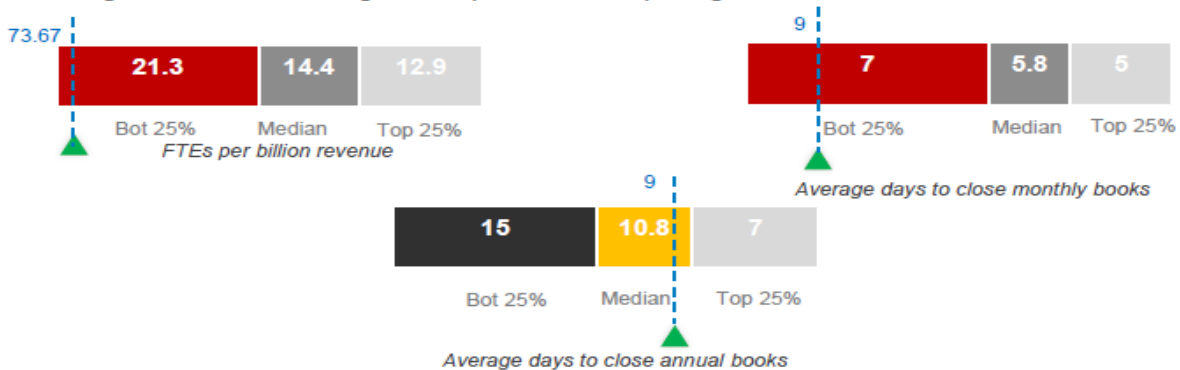


● 1. Watcher ● 2. Explorer ● 3. Performer ● 4. Visionary

You are an **Explorer** in your transformation journey for General Accounting & Reporting process.

Your General Accounting & Reporting process has scope of improvement in cost optimization of manpower and employee experience. You can boost your operational efficiency by reducing days to close monthly books.

- You need to move away from time consuming and repetitive tasks like reconciliation in closing process and spend FTE hours on value added tasks.
- You can improve the same by enabling automation of tasks, single source of truth for G/L accounts, real time integration of data and cognitive capabilities for reporting.



# Impact assessment of metrics

Operational metrics	Value Drivers					
	Reduce cost	Improve topline	Improve experience	Improve cashflow	Time saving	Data accuracy
FTE per billion revenue	High Impact	Low Impact	High Impact	Low Impact	Low Impact	Low Impact
Average days to close monthly books	High Impact	Low Impact	Low Impact	Low Impact	High Impact	High Impact
Average days to close monthly books	High Impact	Low Impact	Low Impact	Low Impact	High Impact	High Impact

**2. Align with the bigger picture** – Value from siloed departmental optimizations is easily lost in large organizations. To set the organization on the right transformation path, there must be a link between larger organizational goals and specific departmental metrics.

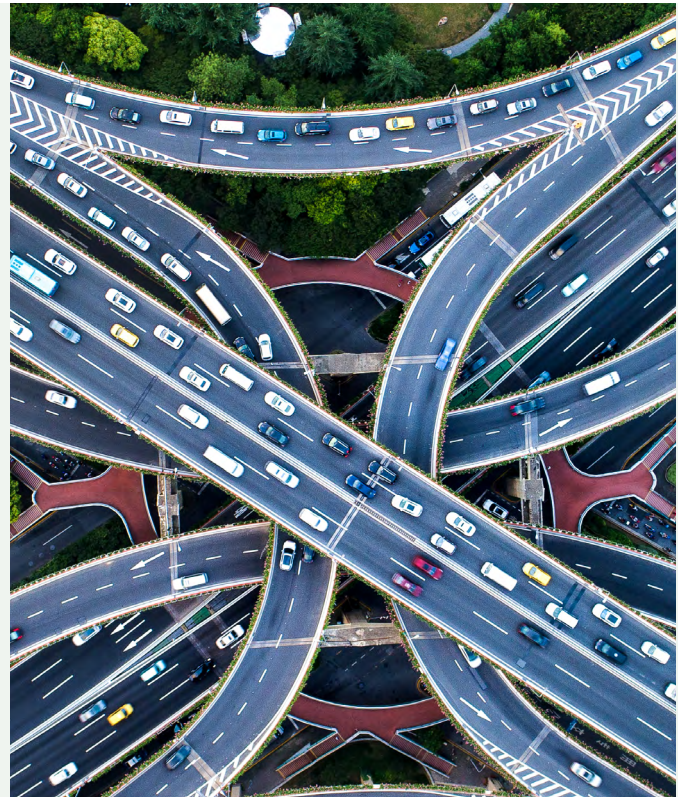
The CSP client of Infosys mentioned earlier had a very high selling, general, and administrative (SG&A) cost. To reduce this, they

embarked on drastic measures like job cuts. Infosys identified that one of the reasons for the high cost was unoptimized processes that needed constant manual intervention. Therefore, this became an important part of the transformation program. By automating repetitive back-office tasks, Infosys helped the client optimize departmental costs and solve larger organizational challenges such as avoiding layoffs and improving the bottom line.

**3. Create an experiential and aspirational ‘North Star’** – The presence of an experienced transformation manager helps create aspirational goals to achieve the maximum potential of any transformation. While incremental changes are necessary in transformation programs, they may not add significant value to the organization. To make value tangible, it is important to disrupt processes. A disruptive ‘North Star’ depends on many factors such as infrastructure readiness, organizational mandates, modernization of systems, etc. Moreover, an experience-led transformation can help differentiate between what is achievable and what are aspirational goals, thereby ensuring that a) the transformation is a success and b) delivers further value addition.

For example, in the above CSP case, the client’s team voted to include conversational AI as a disruptive technology for debt recovery. They felt it would improve cashflows and be a disruptive industry force. With the right guidance, the team was able to issue a curated checklist of all requirements as well as available partners to make this initiative successful.

Following these three steps in the early stages of a transformation program can save money, avoid wasted effort, and ensure that enterprise investments reap the desired value in the near and long-term.





# Analytics

## Audience

- Country
- City
- Status
- Sex
- Age
- Interests
- Collaboration
- Behavior
- Technology
- Mobile
- Custom 1
- Custom 2
- Custom 3
- Income
- Education

Home Dashboard Reporting Customization Help Log Out

Daily Unique Sales by Country



Daily Product Sales by Country



## About Finance-as-a-Service (FaaS)

Finance-as-a-Service (FaaS) by Infosys is a futuristic framework designed to provide targeted recommendations based on an organization's performance as part of their transformation journey.

The FaaS framework by Infosys defines finance transformation as "an enablement of the CFO's perpetual journey towards a target operating model (TOM) via people, process, technology, data, and governance, leading to maximization of value-add for the CFO's customers."

More critically, it equips the CFO with the ability to pinpoint lagging metrics that cause bottlenecks in the organization's path of transforming into a leader. The FaaS framework aims to create a future state of transformation with a value-oriented maturity assessment for the finance and accounting (F&A) function. It recognizes that every enterprise has a unique context and requires a custom roadmap to achieve sustained business value. Therefore, Finance-as-a-Service Framework by Infosys acts as an

outcome-driven methodology that guides organizations toward transformation success.

## Conclusion

The three stages of value creation during any transformation are identify, design, and realize. In the 'identify' phase, it is vital that organizations assess their current state, target state, and aspirational state with a metrics-driven approach. They can do this by performing a detailed assessment and benchmarking exercise, aligning departmental goals to the larger organizational picture, and creating an aspirational 'North Star' for recurrent value addition. Infosys Finance-as-a-Service is the ideal framework that gives CFOs the ability to identify lagging KPIs and design effective target operating models. By following these priorities, business leaders can boost RoI and achieve the full potential of transformation programs.



## About the Authors



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**Infosys Cobalt** is a set of services, solutions and platforms for enterprises to accelerate their cloud journey. It offers over 35,000 cloud assets, over 300 industry cloud solution blueprints and a thriving community of cloud business and technology practitioners to drive increased business value. With Infosys Cobalt, regulatory and security compliance, along with technical and financial governance comes baked into every solution delivered.

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