There is a lot written on the reasons you should outsource and automate financial functions. This white paper takes a different approach by concentrating on how automation and outsourcing fit into a modern corporate finance department. First, you'll see how finance departments are structured including what they should do, who does what and how tasks can be done better and less expensively. In the end, you will have a roadmap to build an efficient in-house financial department and know when you should augment its work with automation products and outsourced services. Finally, you'll see how this will work in future finance departments. Understanding today is critical to knowing tomorrow.

above+beyond thinking

ADAMS BROWN

THE FINANCE DEPARTMENTS OF TODAY AND TOMORROW

HOW AUTOMATION AND OUTSOURCING HELP BOOST EFFICIENCY AND PROFITABILITY

Introduction

Uneasy is the head that wears the crown. When a person starts a business, they may find themselves awake early in the morning wondering how they're going to find more customers, meet current customer demands and fund future growth. Financial department concerns like invoicing, billing, payroll and planning tend to take a back seat. Most start-ups are more concerned with finding ways to do these necessary business functions as inexpensively as possible.

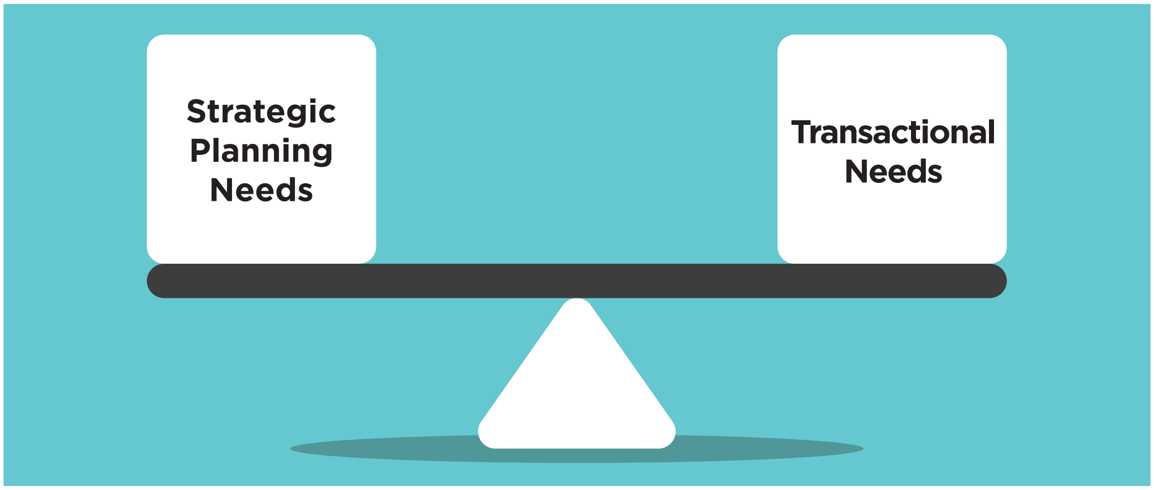
As the business grows, efficiency and financial controls become bigger concerns. Meanwhile, upper-level management remains on the hunt for ways to cut budgets for support services while investing more in customer-facing activities, product development and production improvement efforts. Cutting costs may be important, but as a company grows value becomes an even bigger concern. The more complex support services become, the more emphasis gets placed on the quality of the work.

To date, companies have been remarkably effective in lowering financial staff budgets. According to a recent McKinsey study, financial department costs in 2020 were 25% lower than in 2010. The future promises even greater savings throughout finance departments. However, that's not the real story.

Technology is making it possible to do more with less in ways American business has never seen before. They are also making it possible to get the necessary work done in a more reliable fashion. This is the story of how automation and outsourcing are playing increasingly larger roles in modern financial departments.

Automation technology and outsourcing are helping companies of all sizes, and in all industries, in four specific ways. They help companies:

1. **Fill holes in financial skill sets**
   There are three functional levels to modern financial departments handling functions ranging from transactional to strategic planning.



On the strategic planning end, it's often hard for small to medium-sized companies to afford people capable of forward-looking strategic planning. On the transactional end, it is often hard to find enough sufficiently trained people to do critical, backward-looking functions like payroll, invoicing and billing.

Pandemic-fueled changes to American business have also made it difficult to find and keep competent employees at a reasonable wage.

2. **Focus on their core missions**
Finance departments are normally considered support functions. Any money and time that can be saved by outsourcing or automating these services is money and time available for creating more and better products and services.

3. **Save money while improving quality**
Whether a company is just starting out or mature, the need to manage costs is universal. As technology improves, more financial services can be done more reliably with fewer full-time equivalent (FTEs) employees.

4. **Build greater consistency into financial operations**
People leave often taking important institutional knowledge with them. Outsourcing vendors and technology solutions stay the same. This ensures things keep running smoothly even as a company deals with employee turnover.

The fact of the matter is cloud-based accounting programs like QuickBooks® Online and Xero™ have been part of the business landscape since the beginning of the 21st century. These programs allow accountants to work easily with clients, trading documents and data as needed. Small business owners use them for financial tasks such as invoicing, bank reconciliations, bank and credit card feeds, financial reporting, managing accounts payable and receivable, and other accounting needs.

Cloud-based programs have provided real breakthroughs in the ability to share information with advisors and between different departments. On the other hand, companies still using QuickBooks Desktop often have difficulty outsourcing services because information can't always be easily flowed to contractors or owners.

Programs like Sage Intacct® have been used by larger companies even longer. These automated programs are what make many outsourcing assignments possible as data flows seamlessly and securely between companies and suppliers handling outsourced services.

The recent pandemic made cloud-based programs even more valuable since employees could no longer walk information from one department to another, and owners had to receive information remotely.

As you move into the future financial technology and outsourcing will also help companies strategize, plan, make decisions and integrate with other business functions. To understand what this means, you first have to understand the anatomy of financial departments today.

SECTION 1:
TODAY: The Anatomy of a Modern Corporate Financial Department.

A corporate finance department's most basic role is to facilitate business. However, it is really an information gathering and analyzation operation. Information is:

1. Gathered, sorted and assembled into meaningful data for management
2. Analyzed looking for insights that will help the company improve

The value of this information is dependent on the quality of the data as well as how open decision makers are to being influenced by data and its impact on the organization. If used wisely, information gathered by financial departments can enable control systems, guide management actions and provide a foundation for business strategies.

A well-run corporate finance department functions like a person.

CFO-Level Staff: The Head
Here is where future strategies are developed. At this level, it is more important to look forward than backward. CFOs help plan through uncertainty and ambiguity.

Controller-Level Staff: The Heart
This level keeps everything running, overseeing transactional efforts & feeding information upward. Controllers are engaged in closing activities and spend most of their time looking backward. They also ensure completeness & correctness of financials.

Transactional Staff: The Legs
These employees handle critical functions like invoicing, billing & payroll to keep the whole enterprise moving. They follow directions from above & their tasks are primarily backward-looking & transactional.

Now that you know the key roles, you're likely wondering how many people are needed to staff each level. That answer is not one-size-fits-all; it depends on the size and operational complexity of the organization.

SECTION 2:
TODAY: Tasks Performed by Corporate Financial Departments

To understand budget-saving opportunities, you need to understand the tasks performed at every level of a corporate finance department. Tasks related to facilitating business are a good place to start because this is the most foundational work a corporate financial department does.

Transactional Staff
This foundational level is where data comes into the department and is gathered. Employees on this level handle all tasks related to:

- Bookkeeping
- Accounts payable (AP)
- Accounts receivable (AR)
- Payroll
- Payroll taxes

The people who do this work must have good technical skills and some business knowledge, but they have no leadership or management responsibilities. Their work is primarily repetitive with some tasks unique to their company. They focus on day-to-day operations and wear multiple hats.

According to the AICPA-CIMA's CGMA Competency Framework, foundational employees need to:

- Demonstrate awareness and knowledge of professional accounting standards
- Apply those principles to accurately record financial transactions and maintain appropriate supporting documentation

Transactional Staff - Competency Skill Needs

Everything a Transactional Staff Does

Macro-Level View
- Day-to-day accounting
- Payroll
- Reporting
- Expense management
- Invoicing

Micro-Level View
- Payroll processing
- Payroll taxes
- W-2 preparation
- 1099 preparation
- Accounts payable
- Accounts receivable
- Bank reconciliation
- Sales tax

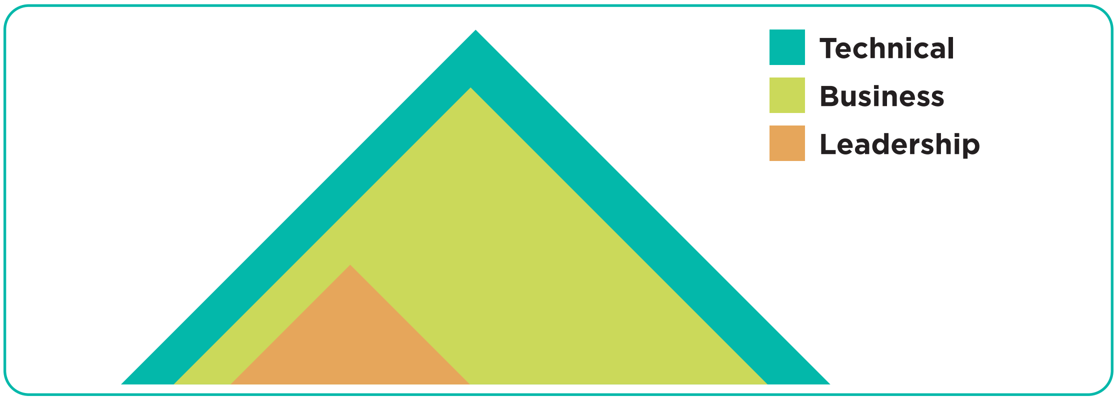
Controller-Level Staff
This level is primarily responsible for overseeing how transactions are done. Here information gathered at the transactional level starts to become operational. This is also the critical link between the transactional staff and those guiding the company's strategic operations.

Employees on this level handle all tasks related to:

- Financial close
- Bank reconciliations
- Expense reviews
- Accounts receivable review
- Accounts payable review
- Cashflow projections
- Inventory oversight
- Balance sheet oversight
- Month-end closing
- Financial reporting
- Inventory management

Here is where management functions begin to come to the forefront. Much of what is done at the controller staff level is oversight and management of others. In addition, this organizational level works as the eyes and ears of the CFO. They not only receive information from transactional efforts but package that information making it valuable to CFO-level employees involved with setting strategic directions. People skills are more important at this level to fulfill management functions.

Ideal candidates for controller staff need a combination of technical, business, people and leadership skills.



Controller-Level - Competency Skill Needs

Technical Skills: Controller-level employees review the accuracy of financial transactions and need to understand how they are done and the information they provide. At more senior controller levels, they should be able to analyze and determine the spreadsheet and automation products available to the company.

Business Skills: Since controller-level employees both package and analyze information for others, they need to understand how this information relates to the company's overall business. The data they supply will shape the critical decisions related to the company's future strategic direction. They also need to understand the potential impact of both established and emerging technologies on the business. More senior controllers should bring strategic thinking skills to their work.

Leadership Skills: Much of the work done on the controller level involves directing, motivating and managing others. This requires peer and functional leadership. They also interface with others inside and outside finance departments so they need to have good communication and organizational skills. It certainly helps senior controllers to have motivational skills.

EVERYTHING A CONTROLLER-LEVEL STAFF DOES

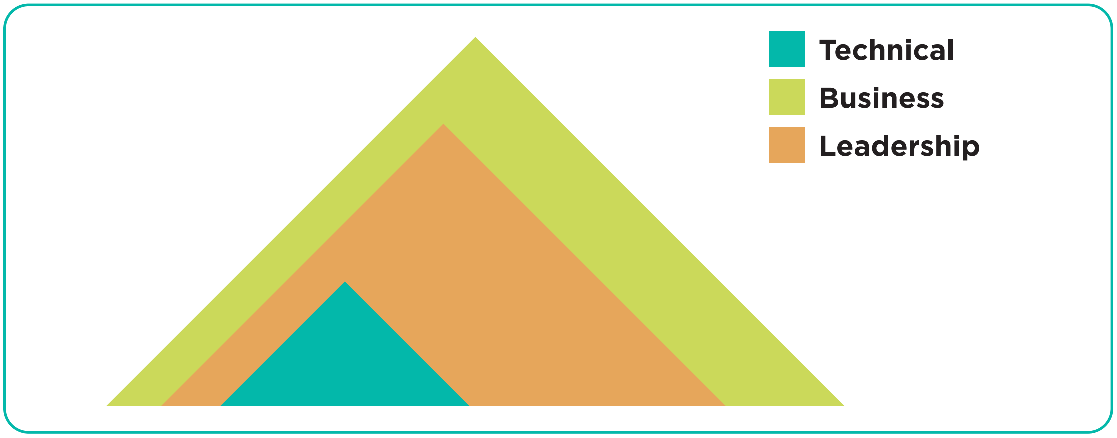
Macro-Level View
- Reporting
- Data analysis
- Process management
- Transactional oversight
- Internal control

Micro-Level View
- Financial reporting
- Financial close
- Key account reconciliation
- Account receivables aging
- Debt amortization schedules
- P&L analysis
- Journal entry review and preparation including accruals, write-offs, estimates, etc.
- Period close - management report and analysis
- Profitability reports
- Cashflow projections
- Cost allocations
- Cash-to-GAAP conversion of financial statements
- Inventory calculations
- Coordination with external stakeholders
- Management and oversight of accounts receivable and accounts payable

CFO-Level Staff
At the top of the pyramid, the view changes from looking backward to looking forward. Although CFOs have overall responsibility for the performance of a finance department, their role in day-to-day operations is primarily supervisory. They make sure management at the controller level is accountable. This frees CFO-level employees to study the data generated by transactions and outside industry dynamics to help plan a company's future strategies.

At the same time, many companies have increasingly begun to implement Enterprise Resource Planning (ERP) tools to maximize efficiency by integrating multiple business functions. These software packages bring together product planning, procurement, inventory, product distribution, marketing and any other business function that affect a company's spreadsheet.

ERP and increasingly advanced technology will have a startling effect on the role of CFO-level staff in the future. To excel at their job, a good CFO needs to have higher leadership and business abilities.



CFO-Level - Competency Skill Needs

Technical Skills: Beyond understanding the functional characteristics of accounting and business support packages, CFO-level employees have few technical responsibilities. As new technology comes into fashion, the need for CFO staff to be technically proficient will rise exponentially.

Business Skills: Here is where today's CFO begins to separate from other levels of the financial department. A CFO must have solid grounding in business matters including industry concerns outside the company and internal business structures.

A good CFO will be able to offer unique insights into political, social, and market and finance trends, as well as anything else that may involve a company's strategic decision making. To do so, they need outside relationships and an intimate understanding of a company's internal workings, products, prospects and financial conditions. They may even need to form strategic alliances to fill holes in a company's core competencies.

Leadership Skills: A good CFO never stands alone. They are integral to the development of forward-looking strategies but need buy-in from other corporate stakeholders to make those strategies pay off. They need the interpersonal skills to develop solid teams and the trust of other C-level associates so they can make strategic recommendations. They also need to provide the foresight and acumen to attract and retain good financial department employees.

EVERYTHING A CFO-Level STAFF DOES

Macro-Level View
- Strategic planning
- Budgeting
- KPI development
- Stakeholder management
- Financing
- Transitioning, including:
  - Mergers & acquisitions
  - Exit planning & implementation

Micro-Level View
- Preparation of enhanced reporting packages
- Ratio analysis
- KPI dashboard development
- Debt compliance
- Regulatory filings
- Insurance review
- Scenario analysis
- Capital budgeting
- Buy-side due diligence
- Sell-side due diligence
- Working capital calculations
- Proforma development for capital-raising efforts
- Projected returns on investment
- Budgeting and forecasting

SECTION 3:
The Evolution of a Financial Department

No two companies are alike. The size of their markets, capital requirements, business structure and more affect how a corporate financial department grows. However, here are some sweeping generalizations often seen.

Start-Up Phase

Most start-ups are focused on finding customers and fulfilling demand. Fast. Money is usually tight, and with only a handful of employees, the owner(s) usually have a family member or lower-level employee handling payroll, bookkeeping, accounts payable and receivables. Most often, a CPA is employed to handle taxes.

As time goes on, the company's CPA may become more involved in helping the owner(s) look forward and anticipate investments required for growth. However, a recent survey by Intuit of 1,006 U.S. employers cast an interesting light on the amount of time involved in handling financial tasks. Findings like these make it easy to understand why payroll functions are usually among the first things a company outsources.

- 63% never realized how much time needed to be spent on payroll taxes
- 82% of business owners manually review calculations to ensure accuracy
- 38% felt they could spend more time on their businesses if they could find another way to process payroll

Payroll is complicated, time-consuming and risky. Numerous cloud-based automated solutions are available today with most of them targeted at small to medium-sized employers. With staffs stretched thin and cash flow critical, smaller start-up firms often turn to automated payroll solutions. An in-house bookkeeper usually handles other transactions using accounting software like QuickBooks Online.

Often a company's accounting firm will handle many basic business tasks, including invoicing, billing, accounts payable and receivables freeing business owners to concentrate on building their business.

Growth Phase

After the start-up phase, companies generally either enter a period of rapid growth or settle into a slow growth phase. In either case, their accounting needs will move beyond what owners can usually handle. Financial controls become more important, and at some point, the CEO tires of hand-signing hundreds of checks each month.

During this phase the company generally turns to some form of Accounting Information Systems (AIS) software. These automated systems handle foundational tasks and also provide some insights into a company's performance. They collect, store, manage, process, retrieve and report financial data. This makes it possible for different departments and outside advisors to work together.

Generally, a CPA still handles taxes and starts to assist with business strategy. However, companies in this phase often add a controller-level person to oversee financial management. Depending on how quickly a company is growing, the controller may find themselves overseeing bookkeeping employees who do everything from month-end closings to generating monthly reports and overseeing expense reports.

Work On The Business Phase

A successful business owner will, at some point in time, realize their ability to grow the business is hindered by administrative responsibilities. They realize it's time to work on the business not in the business. Smaller companies often turn to cloud-based automated solutions for everything from backing up information to paying bills, issuing invoices, financial reporting, tracking expenses, handling HR, tracking accounts receivable and more. Just as often, many of these functions are outsourced to the company's CPA firm. Both options enable business owners to concentrate on their business.

This is when a company becomes a separate entity from the founder(s) and development of the finance department enters a critical phase. In fact, the entire organization has to be optimized to control costs and provide operational efficiency. Decisions have to be made. Forward-looking strategies and tight financial controls become more important. Depending on the industry, this phase may require integrating different business operations to service far-flung customer bases and manage costs while streamlining production and service.

ERP software comes into play to automate and integrate several business functions and ensure different parts of the company aren't siloed. Most ERPs manage and integrate a wide range of business operations. Depending on the industry, these could include:

- Financials
- Sales and marketing administration
- Supply chain operations, including inventory and warehouse management
- Manufacturing
- Human resources, including employee record-keeping, benefits administration and payroll

Although ERP systems automate many business tasks, this is the time when controller-level staff are often beefed up to ensure accurate data input and timely execution of financial tasks.

Depending on cash flow and profitability, discussions regarding a CFO often begin at this point. As strategic focus becomes more critical, a company must consider ways to perform CFO-level tasks. In 2021, salary.com reported the average CFO salary at $393,000. This obviously varies by industry, geography and company size, but good CFOs do not come cheap.

For this reason, many companies look for alternative ways to do everything a CFO does. They may need a strategic thinker with ties to financing resources and the ability to manage a finance department, but a full-time position isn't needed. In these cases, a CPA may fill in the gap, providing part-time CFO-level support. Many accounting firms can function as an outsourced CFO, providing a menu of CFO-level services on an as-needed basis including:

- Deal advisory
- Strategic planning
- Exit planning
- Forensic accounting
- Litigation support
- Capital budgeting
- Ratio analysis

However you choose to handle your CFO role, the position will require intimate knowledge of your company, industry and business as a whole.

Mature Phase

No matter how long a company is in business, it is always in the process of reinvention. Customers change. Technologies change. Regulations change. Old markets dry up and new opportunities present themselves. It's a cliche, but the only constant really is change. A mature company must remain nimble enough to keep up.

In mature companies, a finance department has to spend as much time looking forward as back. To chart the road to continued growth, they'll need to rely on data collected at the foundational level. The CFO-level staff becomes increasingly important. Enterprise software must be more robust. Depending on the industry and business structure, there may even be the need for custom software packages to integrate different company functions.

A mature company likely relies on substantial automation and outsourced services yet remains on the lookout for further cost-cutting opportunities. These companies must also stay on top of emerging financial, safety, environmental and business regulations. Larger companies in this business phase are subject to more regulations and financial restrictions than they were previously.

How a mature finance department is structured depends on the size of the company and the industry served. Normally companies in this phase will have a CFO or will have established partial CFO services. This staff is responsible for overall financial management and strategic planning. Depending on capital needs, they may also be heavily involved in establishing financing resources and deal making. In larger companies, this function may be headed by a vice-president.

Succession Phase

Now is the time the original owners are supplanted by others who weren't part of the initial start-up, regardless of where a company is in its lifecycle. The key consideration is the different interests and skill sets of the new owners who may be the next generation or totally new to the company and its processes. No matter how diligent a founder is about bringing others into management decisions, the fact is a large part of a company's knowledge base and history follows the original owners out the door. Few others are part of a company as it moves through all the different life-cycle phases.

During a succession phase, a company's financial processes and advisors become an even more critical component of success. Outsourced transactional services can even provide a hedge against transitional problems. These processes will continue to run in the same manner as new management gets their bearings. A CPA firm that has worked closely with previous management can help new management understand and analyze past practices and strategize new directions while keeping with the skills, vision and financial needs of the next generation.

Many companies transition ownership only once or twice during their lifetimes. Outside financial advisors, especially those involved in CFO- and controller-level duties, see the process many times a year and can bring an experienced eye to the transition.

Transitioning companies often face questions, or even disagreements, about direction, management and even ownership stakes. In these cases, it helps to have an experienced, dispassionate voice in the room who is intimately familiar with the company.

Protecting a Company Against Havoc From Lost Employees
Employees will come and go even with people considered key to a company's future. Most companies come to realize that no one is irreplaceable, but losing an employee can cause havoc if a company doesn't really understand what they did and how they did it.

Outsourcing is a good way to guard against the problems caused by employee attrition. When services are outsourced, they become the responsibility of another company rather than an internal employee or group of employees. The contracting company, who often handles projects for a variety of clients, is responsible for getting the work done properly. They also will normally have more people and automation available to get the job done, enabling them to more easily overcome problems caused by their own lost employees.

There is, however, one more way a company can guard against the havoc caused by lost employees. Standardize. When the second wave of the quality revolution swept across America, the need to standardize operations became a critical component. The International Organization for Standardization (ISO) played an important role in standardizing how both manufacturing and service companies operated. Many CPA firms work with clients to standardize and document how all financial processes are handled from transactional- to CFO- levels. This includes outsourced and automated tasks.

By documenting how things are done, it is easier for new employees, or outsourced suppliers to step in and handle financial task. This not only saves confusion, but also eliminates substantial onboarding and training time.

SECTION 4:
Where Automation and Outsourcing Fit Into the development of a financial department

Companies outsource and automate financial tasks for different reasons, often tied to where they are in their corporate evolution. Originally, they may need to outsource financial tasks they plan to bring in-house as they grow. However, the rationales for outsourcing and automation generally fall into just a few main categories.

Reasons to Outsource Financial Tasks

- Control costs and improve quality
- Fill employment gaps
- Gain expertise
- Maintain consistency

The Cost-Control, Better Quality Side of Outsourcing

Saving money, especially when handling transactional tasks, is the number one reason companies outsource. Costs, including those for hiring, training and maintaining financial staffs, are often better controlled through outsourcing. Outsourcing also helps control costs when tasks are project-oriented and a company does not want to be saddled with employees who will be separated when the project is finished.

When it comes to saving money, outsourcing eliminates the cost of both paying and servicing payroll taxes and can often shift costs to geographic areas where labor costs are lower.

However, many companies outsource or automate, even when costs are higher, to improve the quality of their support functions and the data they gather. In many instances, it helps to outsource transactional activities to companies whose corporate mission is to supply financial services. These companies already have trained staff in place and spread hiring and employment costs over several clients. Their core mission is to execute financial tasks allowing their clients to turn more attention to their own core mission.

Using Outsourcing to Fill Employment Gaps

Sometimes a company just doesn't have the necessary people on staff. This may be due to staff that is temporarily lost, staff that is proving difficult to replace or a permanent staff realignment. During times like these, it is helpful to have long-standing relationships with outside vendors who can help fill the gaps. Imagine a case where a controller suddenly takes a new job with another company. A good CPA firm can quickly jump in and temporarily do the job until a new controller is found. They may even be able to assist with the search.

The definition of employment gaps can also be stretched to include lack of investment in expensive accounting software. A company whose primary business is construction may decide it is better to invest in advanced project management programs rather than accounting software. In cases like these, it is often wise to outsource financial tasks to companies with access to accounting programs that can get the job done better and more cost-efficiently.

Accounting firms regularly help client companies fill employment and technology gaps. These may start as temporary assignments and become permanent as clients find that their CPA's access to expensive technology and quality personnel allows them to do the job better at far less cost than an in-house staff.

Using Outsourcing to Gain Expertise

There are really two sides to this equation. On the one side are growing companies who can't afford high level financial employees to help them chart their future strategies. On the other side are companies who need to complete a financial project that requires advanced expertise.

Growing Companies In Need of Expertise

Hiring and employment costs for experienced financial professionals are high and often unaffordable to growing companies or those who don't have full-time needs. An experienced CPA firm can often fill the gap. Many companies never reach the level where a full-time CFO is either needed or affordable. Outsourcing provides a solution.

Companies With Financial Project Needs

It may be developing or implementing a new accounting system, developing a future strategy or evaluating future financial technology needs. There are countless valuable projects a company may need to undertake but doesn't have the staff expertise to do. You can turn to companies with both the expertise and technical support to successfully execute the project. This allows your staff to maintain their focus on fulfilling your corporate mission while an outsourced partner helps you prepare for the future.

Using Outsourcing to Transition-Proof a Company

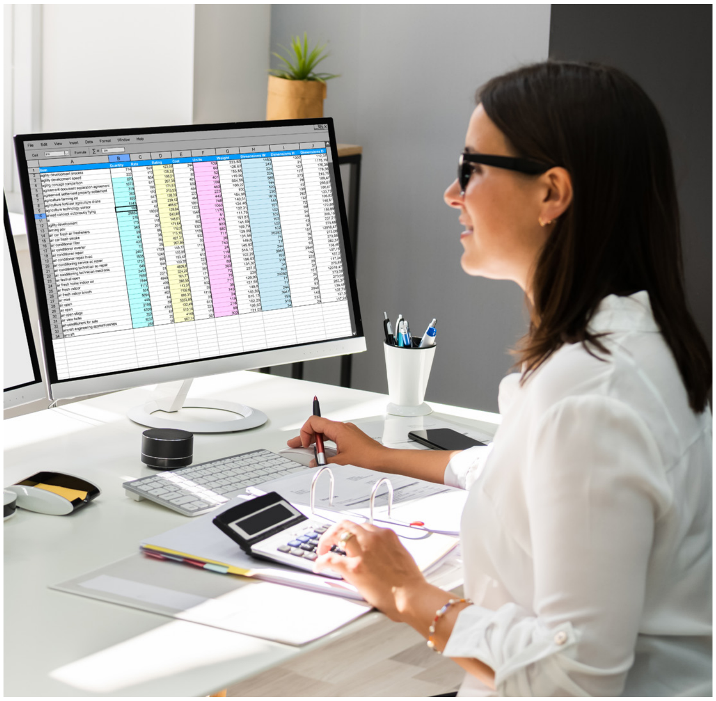
A hidden advantage of outsourcing is its ability to spread a company's corporate memory. This is especially true when financial tasks are outsourced to another company intimately involved in your future. CPAs often take on this role. Again, the advantage is related to the benefits brought by companies rather than individuals who are take institutional knowledge with them when they leave.

No matter how standardized your processes are, there is a certain amount of institutional knowledge that remains in the heads of the people who built a company. When they leave, these important remnants of knowledge walk out the door with them. By incorporating a valued corporate partner, this knowledge remains in a constantly refreshed reservoir likely to last longer than a typical employee's service.

When employees leave, the business owners often say something like, "I don't know what they did, but they left. I think payroll is run on Fridays, but I don't know the platform or where the numbers come from." Maintaining an outsourcing relationship with a valued partner adds consistency to a company's operations, smoothing turnover problems.

Do Financial Services Have to be Handled Internally?
Many good accounting firms become more than advisors and service providers to their clients. Most can assist by providing outsourced services as needed. In many instances, they will even serve as a complete financial department for a monthly fee that is cost competitive with building a full-time, in-house financial staff. Services normally include everything from transactional- to CFO- level tasks. When using cloud-based applications, the wall between client and accounting firm can virtually disappear.

Reasons to Automate Financial Tasks
As technology advances, software programs have become more sophisticated and capable of doing more. virtually any company can find an automated software package that will help them save money, gain transparency and improve productivity on lower order transactional tasks.



At the most basic level, automation can help with invoicing, billing and payroll. With the glut of automation products now available, it helps to work with a trusted CPA to determine the best ones for your business. This will also ensure information easily transfers to software used for their tax-related activities.

Using automated billing and invoicing systems helps companies eliminate potential errors and maintain accessible records. And, as discussed previously, automated payroll programs calculate employee salaries and taxes, necessary deductions, and can even handle direct deposits.

As automation technology advances, it is rapidly replacing humans in more advanced financial functions. This has significantly blurred the line between the advantages of outsourcing and automation. At the same time, it has sharpened the view of how finance departments will work in the future.

SECTION 5:
Automate or Outsource?

The difference between the two is machine versus human. The best choice depends on what you need to do. However, with the growth in artificial intelligence (AI) programs, including robotic process automation (RPA) and machine learning (ML), the equation is rapidly shifting in automated directions. Learn more about this shift more in the Tomorrow section of this white paper.

AUTOMATION STRENGTHS

Any repetitive skill is a candidate for automation. The obvious benefit is replacing FTEs required to do repetitive tasks. This allows companies to focus more human and investment capital on customer-facing, revenue-generating business functions. It also allows a company to maintain control of their processes to maintain security.

Automation has taken large steps forward with the introduction of RPA technology pioneered by financial service firms. Using RPA, companies can build data processing, validation and verification bots that handle repetitive tasks. Bots are robots. But, unlike production-line robots that move things, bots are computer code that do specific financial tasks.

These bots emulate the actions of humans when interacting with digital systems and software. For example, they can be used to automate data input, seamlessly moving handwritten data and charts to digital forms. However, since their activities are programmed, they eliminate errors and work more quickly than humans.

RPA is being used to handle financial tasks ranging from billing and invoicing to procurement, order processing and payments.

AUTOMATION WEAKNESSES

Automated software for billing, invoicing and payroll functions is generally available for virtually any investment level. However, costs rise dramatically as companies move into more advanced automation and technology. For this reason, many companies outsource work to financial firms whose investment in advanced technology can be amortized over work for many clients.

OUTSOURCING STRENGTHs

With the growth in automation technology, outsourcing is rapidly becoming more important on higher-level financial tasks where human experience and interaction is still a significant benefit when seeking additional expertise or temporarily filling employment gaps.

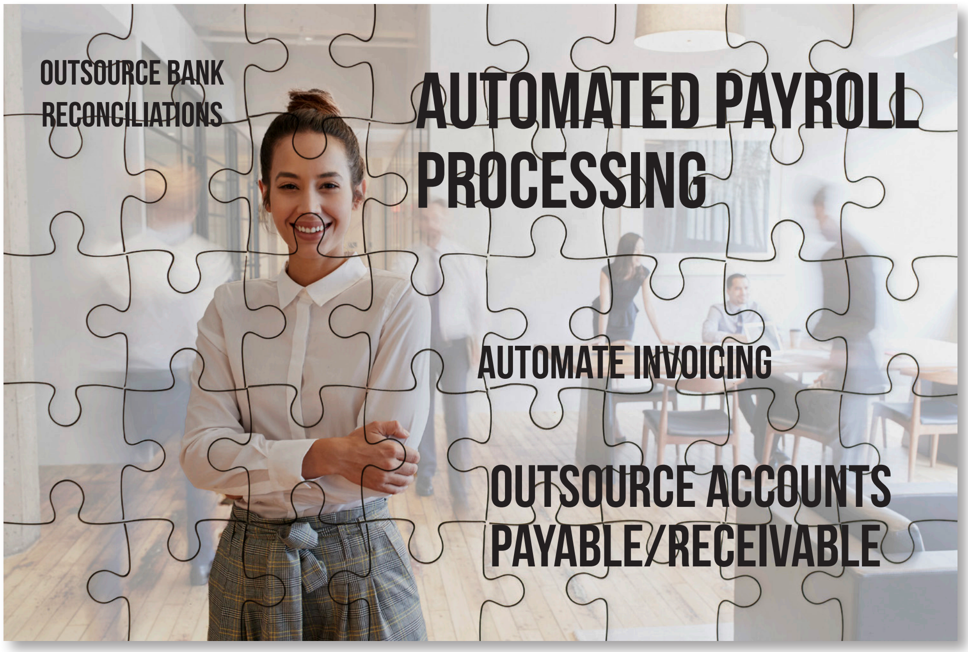
OUTSOURCING WEAKNESSES

At transactional levels, outsourcing often means moving lower order functions to areas with lower labor costs. As a result, there are often difficulties dealing with different languages, customs and time zones. In some instances, a company may also have to change their processes, raising hurdles to integration and lowering security.

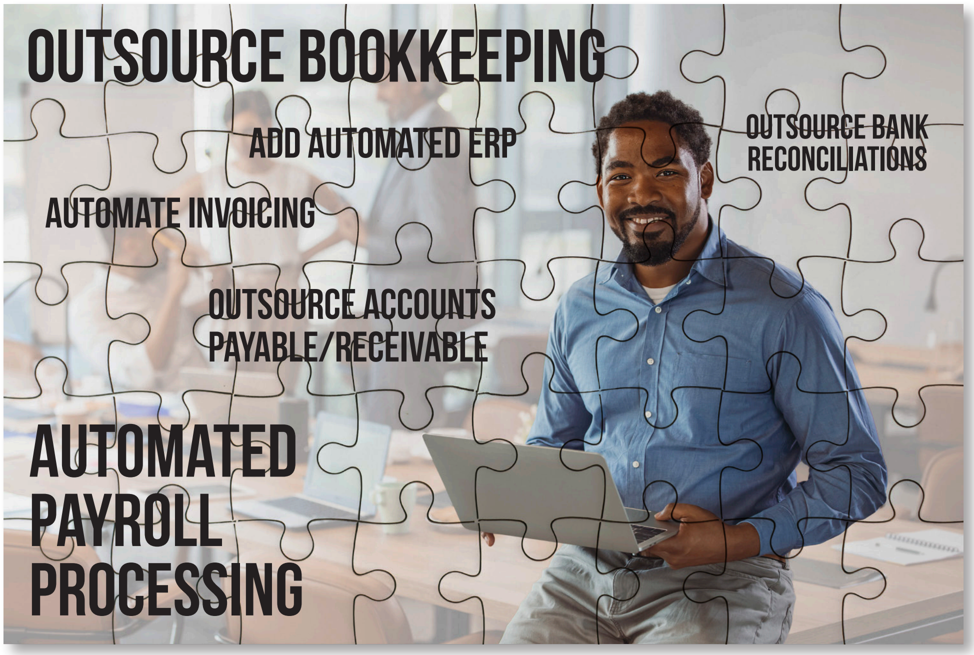
Finance departments are using both automation and outsourcing to control costs and improve their use of data. However, the rapid introduction of new technologies is driving an even more exciting future.

BUILD A SYSTEM CUSTOM-FIT TO YOUR COMPANY
Every company is different. Different people. Different needs. There are as many different stories about financial outsourcing and automation as there are companies. One of the keys to success is recognizing how outsourcing and automation can help your particular company move forward. A key consideration is often the people already on your staff. It is increasingly hard to find good people, so you may want to build a program around those you want to keep.

For Example: You have a great bookkeeper who you don't want to lose. But, you also need to improve financial planning, data gathering and some transactional functions. You may also want to improve upper level decision-making and improve the overall efficiency of the organization.



You already have a highly competent Controller, but still need help with forward-looking planning functions and backward-looking transactional efforts. You may also want to improve coordination between corporate functions and the quality of the data you gather.



SECTION 6:
TOMORROW: What Financial Departments Can Become

It appears the only certainty in American business today is the drive to do more for less. Technology is showing the way. Different types of AI are making it possible to automate financial activities from the controller-level down. It is also significantly improving the information available to CFO-level staff helping them formulate better strategies that are easier to execute and integrate with other parts of the company. It may even help upper-level management run various scenarios to help improve decision-making.

Looking closely, the revolution in financial technology has, until now, been about improving data capture at transactional levels. With better data in hand, different levels of AI trim costs and improve all financial planning and analysis (FP&A). This movement will turn future financial departments upside down with technology moving from transactional staff to CFO-level value-added activities.

The immediacy of this movement can be seen firsthand in one large technology company where an employee developed a machine learning program to gauge the financial consequences of a recent server outage. Every variable was brought into the equation, including historical and seasonal data, loss of current customers, the effect on future customer generation efforts, service costs, content procurement and more. One FTE working for three days was all that was needed to do the job and the insights proved valuable.

Tomorrow is already happening today. Cost and organizational structure often put advanced AI out of reach for many companies, but the roadmap to the future is clear. Consider this view of how technology will change tomorrow's corporate financial departments.

1. **Finance department budgets will continue to shrink**
Costs have already substantially declined over the last decade with automation and outsourcing playing significant roles. This movement will continue, however, the areas where savings are possible are changing.

   Most of the last decade's savings have come from automating transactional tasks. For companies with more than 15 employees, the savings have essentially been captured. Future savings will come further up the ladder as AI starts to expand opportunities for automated data analyzation and solution implementation.

   This will allow financial department leaders to spend more of their time on value-added activities such as FP&A, optimizing capital structures, tax planning, controller-level activities, internal audit, financial risk management and strategic planning. AI-aided activities will require fewer people shrinking financial department costs while improving efficiency and productivity.

2. **Automation focus will shift from transactional-level to CFO-Level**
The new frontier in accounting technology will enable companies to become much more forward looking. Again, the data capture inherent in transactional activities have already been heavily automated. This data provides the raw materials for AI programs beyond RPA. Second wave automation will affect capital allocation, financial planning and audit activities. A spin-off effect is that audits will increasingly become less costly and time consuming.

3. **Finance will take the leading role in data gathering, analyzation and use**
Although many functions are within the purview of the IT department, ERP and AI applications are integrating corporate functions for greater efficiency and synergy. As a result, financial departments are becoming the fulcrum for advanced data usage. This will put increasing emphasis on technical and data skills of financial staff members.

   New technology will also improve decision-making by making more data available in more digestible formats. CFOs looking to use advanced analytics to improve the accuracy of their cash flow projections will have the tools to do the job.

4. **Leadership skills will become increasingly important to financial staff members**
With a larger role in forward-looking strategic affairs, financial staff will increasingly interface with upper-level operations staff. This will put a premium on communications and leadership skills as they become advisors to senior executives seeking to optimize the financial performance of the company.

5. **Smaller companies will increasingly outsource financial tasks performed by controller- and CFO-Level staff**
AI is the future, but it's expensive. As competitive pressures build, small to medium-sized companies will increasingly need the advantages AI provides. Advisors to these firms who can amortize costs over many engagements will need to make leading edge technologies available to them. Accounting firms will also have to be knowledgeable about these technologies to serve as good advisors. CPAs who have seen this trend coming have made substantial technology investments.

Finance departments are where most internal company data originates. Basic business software has already affected the efficiency of transactional-level activities that generate this data. Integrative technology, such as ERP, integrates the use of this data across business functions from procurement to supply chain to marketing and sales.

Moving forward, advanced AI technologies from RPA to ML will change the face of finance departments. Many departments will rely more on outsourcing for the edge these technologies deliver. Others will find themselves becoming increasingly top heavy as transactional and even controller-level staffs shrink while CFO-level staffs become increasingly important to forward-looking business activities.

There's no looking back.

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