

*Crunch time series*

**Finance 2025 revisited**

(What we know now)

“When the facts change,  
I change my mind.  
What do you do, sir?”

– John Maynard Keynes

# Finance faces new realities

COVID-19 has sped up business innovation and stress-tested the concept of 100% remote work. Industries are converging, with global M&A activity in the first five months of 2021 reaching a record \$2.4 trillion.<sup>1</sup> And companies have raised more capital in the past year than at any time in recent memory. At the close of Q1 2021, non-financials in the S&P 500 held more than \$2 trillion in cash reserves.<sup>2</sup>

Change in the business world is nothing new, but today's realities do indeed feel different. With so many potential investment opportunities to spur growth and drive efficiency—and so much in the market still left uncertain—CFOs are scrambling to make sense of it all and determine what comes next.

In 2018, as digital disruption was prompting a transformation of its own, Deloitte predicted eight finance trends in our *Crunch time* report *Finance 2025*. Now that we're halfway there—and everything changed, then changed again (to quote Tom Petty)—the time feels right to revisit those predictions.

How have recent market conditions modified our assumptions? What's our current best thinking on where Finance is heading in the near term? What can finance leaders do now to seize emerging opportunities and mitigate risks?

These are among the questions we examine in this report. Our aim is not to keep score on what we predicted previously, but rather to take stock of the world today, gauge what it implies about the future, and help CFOs prepare accordingly. With that in mind, here's our revised look at Finance 2025.

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# Before we get started

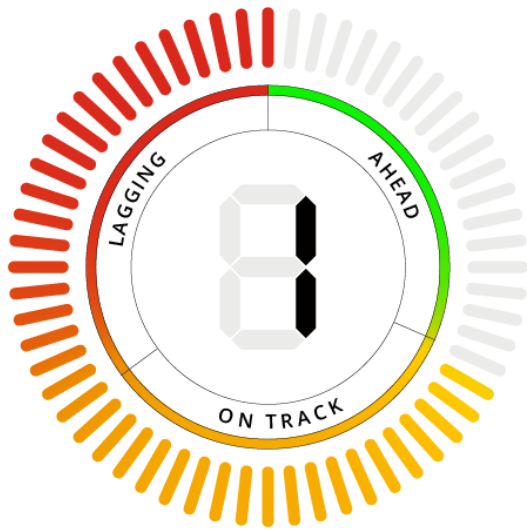
In taking a fresh look at our 2018 publication, one insight stood out: Our original predictions are more interconnected than we had suggested. Automation can support new operating models and may be enabled by enterprise resource planning (ERP) upgrades. Gains in self-service and faster reporting cycles can transform Finance's role. And everything hinges on good data and a skilled workforce.

What does this mean for CFOs? Doing just one or two things exceptionally well probably won't cut it. Nor will working in isolation. The future of Finance is all about managing across functions, building the right combination of capabilities, and establishing a strong data foundation. That's what will distinguish tomorrow's winning organizations.

Excelling in multiple areas can sound like a tall order. But it may be easier than it appears. Gains in any one area can create a multiplier effect, facilitating progress in others. The key is knowing where to place your bets (based on evolving business needs and existing Finance capabilities), then managing change holistically. With steady progress, you can get where you need to be.

The digital disruptions that informed our thinking about finance trends several years ago have accelerated. And all signs suggest they'll continue to do so. Finance's place in an uncertain future remains up for grabs, but the path forward is becoming clearer.

Excelling in multiple areas can sound like a tall order. But it may be easier than it appears.



# The finance factory

Finance will continue to automate, but the focus will shift from operational finance to financial insights. Automation will target end-to-end processes affecting multiple business areas, not siloed activities. Blockchain won't take off as fast as we predicted, given the cost of implementation and a lack of proven use cases, but the appeal of recording high-trust, touchless transactions will grow over time.

## 2018 prediction

Transactions will be touchless as automation and blockchain reach deeper into finance operations, simplifying how work gets done and freeing up people to add greater value. Traditional processes will disappear as Finance focuses on designing, configuring, and maintaining systems that automate business practices and governance models.

## 2021 reality

**The lack of standardized processes and investment in data architecture has slowed automation, but it's still proceeding apace. Having automated discrete activities, Finance has begun focusing on more complex processes. Skepticism about blockchain has limited its use, but the cybersecurity and automation benefits are spurring some CFOs to embrace it.**

## 2025 implications

**The finance factory will focus increasingly on using big data, analytics, and predictive modeling to inform business strategy and decisions. While few finance functions will have a truly touchless back office by 2025, mundane tasks will become easier to automate through ERP systems and other means, freeing up Finance to apply automation to planning, forecasting, and other higher-value activities.**



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# The finance factory

## Key takeaways

The finance factory is progressing from automating basic responsibilities to redesigning processes end-to-end, resulting in better business insights. That's where innovation in automation is heading. Still, cost-effectiveness remains critical. If you're not continually lowering your cost to serve while simultaneously introducing new capabilities, you risk becoming a target.

The finance factory will focus increasingly on using big data, analytics, and predictive modeling to inform business strategy and decisions.

### Call to action



Standardize 100% of nonstrategic finance processes, ideally through noncustomizable functions of your ERP or finance application.



Identify use cases to prove automation's value and show how it will work. Think big, but start small.



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# The role of Finance

Finance will, as predicted, focus more on service, analytics, and business insights, all of which mandate new capabilities. CEOs will continue turning to Finance for an integrated view of business performance, as they did during the pandemic. Financial planners will need to bake operational components into financial models to assess potential top- and bottom-line impacts—even as the goalposts keep moving.

## 2018 prediction

With operations largely automated, Finance will double down on business insights and service, including scenario planning, complex forecasting, and data visualization. Teams of business partners will address the most complex commercial issues, moving around the organization as needed. Information required to make decisions will appear “just in time” and be fully integrated into management processes.

## 2021 reality

**Agility and adaptability separated the winners from the losers during COVID-19. Faced with the pandemic’s enormous challenges, some finance teams stepped up and others did not, but either way, business leaders going forward will expect Finance to be ready for multiple future scenarios. It won’t have the luxury of setting a single strategy and following a linear path irrespective of the world at large.**

## 2025 implications

**To bolster its capabilities, Finance will offload some responsibilities to captive locations, centers of excellence, and outsourcing vendors—putting its support partners on the hook for performing under any circumstances. Technology will also help Finance handle uncertainty and execute on its value proposition, as real-time information moves closer to reality and business analyses are generated on autopilot.**



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# The role of Finance

## Key takeaways

Finance must remain agile, be tightly integrated with other functions, and know what drives the business, or CEOs will look elsewhere for advice. Technology can help Finance in this regard, but much work remains to be done. Automation gains spurred through COVID-19 generally helped a remote workforce keep the lights on, not produce predictive analytics (though that capability readily exists).

### Call to action



Ensure Finance has the right data foundation, technology, and talent to take on an expanded role.



Create dynamic partner networks that can help boost your company's resilience by mitigating delivery issues, handling demand surges, and adding specialized expertise.

Financial planners will need to bake operational components into financial models to assess potential top- and bottom-line impacts—even as the goalposts keep moving.



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# Finance cycles

Although real-time financial data will still be a ways off, quarterly reporting will gradually lose its relevance for investors and management, both of whom require more timely information to make decisions. Finance will be expected to remain agile in its ability to post results between regulatory cycles while also meeting evolving reporting requirements.

## 2018 prediction

Finance goes real-time. When both actuals and forecasts can be produced instantly on demand, traditional finance cycles become less relevant. Finance will still need to meet external demands for cyclical reporting, but leading organizations will operate with a new mantra: There is no close. You're not forecasting once a month or quarterly. It's all happening in real time.

## 2021 reality

**Companies have made efforts to speed up the close, but it's still at best a monthly process with key information available only at that time. Real-time reporting based on the concept of continuous accounting, where there's no close and all information is booked in real time, has gained less traction to date. But cloud-based ERPs with in-memory computing will bring it closer to reality.**

## 2025 implications

**The demands of off-cycle reporting will accelerate as industries converge; new business models are created; and the postpandemic economy addresses supply chain, technology, and workforce constraints. Finance will need to provide off-cycle insights while still delivering cyclical reports efficiently. Technology will help it do so, but getting the desired results won't be a slam dunk.**



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# Finance cycles

## Key takeaways

Some finance teams are putting less energy into the monthly close, but it's still a giant time suck at most companies. Real-time visibility into performance and projections remains aspirational, since the platforms, data foundation, and finance routines generally aren't there to support it. The near-term focus will be less about immediate results and more about forecasts and analytics that inform commercial decisions.

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### Call to action



Identify and track the metrics that drive business performance, many of which likely exist in upstream nonfinancial data systems. Then make the case for why Finance needs this information.



Don't neglect environmental, social, and governance disclosures in your reporting strategy. They can influence your stock price and don't need to be reported in real time.



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# Self-service

Finance will remain uneasy about the use of self-service data, but it will embrace self-service as a way to rationalize reporting requirements and special requests. Finance will spend more time working with the business to harmonize discrepancies between self-service tools and systems of record. Trigger-based alerts and natural language processing will become common in self-service applications.

## 2018 prediction

Self-service will become the norm, as activities ranging from budget queries to report production are automated. Businesspeople will get their basic finance questions answered instantly on their phones, and, over time, digital agents will deliver information proactively. Spreadsheets will be replaced by visually rich information that's intuitively accessible and easy to use.

## 2021 reality

**Many companies now let you access static reports on your phone. But you can't tailor your request, and you must know exactly what you're looking for. You're not able to simply ask a question ("How can I increase profit margins in Europe?") and get insights to inform your decisions. And you're almost certainly not receiving such insights proactively; you have to wade through a sea of ever-expanding information to decide what matters.**

## 2025 implications

**The future of self-service is not about downloading more canned reports. It's about push technology that knows what you need before you ask and visualization tools that help you make sense of complex data. It also entails a common experience across delivery channels, enabled by the growing power of desktop systems and smartphones. Chatbots remain on the horizon, but are unlikely to be prevalent in Finance by 2025.**



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# 8 Self-service

## Key takeaways

Self-service can help reduce non-value-added work, but it can also cause issues with data interpretation and sources of truth, making Finance reluctant to release nonvalidated data to the masses. For self-service to prevail, CFOs need to determine where strong data governance and standardized reporting is required—and get comfortable letting go of financial data that doesn't meet those criteria.

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### Call to action



Focus on productivity and business insight. Where are you producing reports of limited value? What are you unable to report on today that you wish you could?



Pilot self-service capabilities to prove their worth and generate a few wins. This will help you build confidence in the technology and bring other leaders on board.

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The future of self-service is about push technology that knows what you need before you ask and visualization tools that help you make sense of complex data.



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# Operating models

Cost reduction has historically been the driver of changes to finance operating models. But that focus will evolve as new models look to expand Finance’s core capabilities and what it can deliver in partnership with other functions. Remote work, which proved its value during the pandemic, is here to stay, and leading finance organizations will be set up to accommodate it.

## 2018 prediction

New service delivery models will emerge as robots and algorithms join an expanded finance workforce that includes freelancers, gig workers, and crowds. Companies will assess the benefits of automation, which provides a new lever for managing costs, against onshore and offshore operations.

## 2021 reality

**The early days of COVID-19 underscored the benefits of having a distributed finance workforce equipped with effective collaboration tools and clearly defined work processes. It also highlighted the criticality of data security as people everywhere accessed corporate networks remotely. Coming off the pandemic, many companies are having difficulty addressing rapid growth through existing FTEs and filling open finance positions through traditional recruiting channels.**

## 2025 implications

**With a widely dispersed workforce, Finance will gain access to global talent pools and specialized resources. It also will make greater use of freelancers and gig workers. As businesses prize new capabilities, some CFOs will adopt the “center-office” model, which emphasizes end-to-end processes, capabilities on demand, and coordination of external partner networks. In so doing, they’ll absorb responsibilities historically managed elsewhere.**



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# Operating models

## Key takeaways

What few CFOs had thought possible, such as closing the books 100% virtually, was road-tested and largely proven in 2020. Finance leaders will now look to lock in remote work's cost efficiencies while accommodating employees' desires for mobility. The floor of the building that had housed 150 finance people might become a ghost town as employees are scattered worldwide.

New models look to expand Finance's core capabilities and what it can deliver in partnership with other functions.

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### Call to action



Don't reflexively snap back to your old operating model postpandemic. Use this opportunity to consider new ways of working, such as managed services, and different talent models.



Implement cross-functional collaboration tools and processes, which can help Finance and its support partners make fast, well-informed decisions in a crisis.

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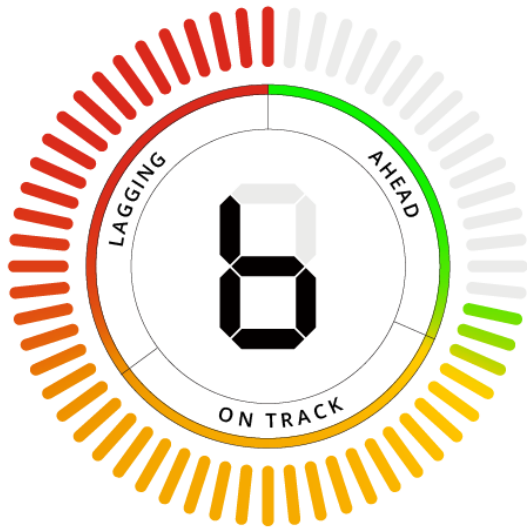
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# Enterprise resource planning

Through acquisitions and functional enhancements, ERP vendors have largely staved off competition from specialized applications and microservices. Today's big players will continue to swallow up cutting-edge capabilities and grow market share as one-stop providers. On-premises support will disappear as services increasingly move to the cloud.

## 2018 prediction

ERP vendors are building advanced technologies into their products, but that won't forestall competition. Look for the landscape to shift as new players enter the ERP space with specialized applications and microservices that sit on top of (and integrate with) ERP platforms. Cloud-based ERPs will help ensure you're constantly updated on the latest release.

## 2021 reality

**As specialized applications and microservices have grown more sophisticated, ERP providers have upped their game, adding new features and buying competitors at a rapid pace.<sup>3</sup> Competition exists mainly in cloud-based solutions that offer user-friendly interfaces for nonfinance professionals. The dominant vendors do several major systems updates per year, incorporating cognitive functionality like sensing, AI, ML, and robotics.**

## 2025 implications

**Big vendors will continue embedding advanced capabilities, bringing more data into the ERP footprint, while dispatching threats to their business model. They'll start adding blockchain to mitigate cyber risks, pushing distributed ledger technology deeper into finance operations and lowering its cost of implementation. The cloud-based financial ERPs will move from back-office cost centers to front-office drivers of business value.**



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# Enterprise resource planning

## Key takeaways

ERPs will continue to drive finance automation and digital transformation. When new capabilities are available as part of an ERP upgrade, organizations are apt to adopt them. But fewer are willing to build such capabilities from scratch, not wanting to invest in something unproven that might fail.

Today's big players will continue to swallow up cutting-edge capabilities and grow market share as one-stop providers.

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### Call to action



Take a hard look at your finance technology and decide what you truly need to customize. Prepackaged solutions exist for most any need.



Accelerate your move to a cloud-based ERP, if you haven't done so already. The cloud not only offers continuous technological improvements, but also provides opportunities to standardize end-to-end processes, automate key activities, and enhance data security.

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# Data

Standardized, high-quality data will become even more important, as data is the foundation for business insights, automation, and touchless operations. Finance will double down on massive data cleanup efforts, led by a data czar empowered to ensure data integrity and set the right governance strategy. Many businesses will rely on their cloud-based ERP to fix their core data architecture.

## 2018 prediction

Since few companies are doing the hard work needed to align and integrate data, many will still be struggling with questions of data integrity and completeness in 2025. The proliferation of APIs won't be enough to tackle the problem. Automation and cognitive tools will make it easier to clean up data messes, but it's still going to be grueling and tedious.

## 2021 reality

**We said companies would be struggling with data in 2025, and our prediction looks right on track. Good data requires process and organization changes, along with a leadership mandate. While nearly everyone complains about data, few have landed on a solution. Would an ERP upgrade fix the problem? Are the data feeds the root cause? The answer is never simple.**

## 2025 implications

**Having bad data flow into automated AI systems won't create efficiencies or result in practical business insights. To realize its digital transformation goals, Finance will need an enterprise data strategy with a strong leader overseeing it. It will also need to sharpen its process and change management skills. Otherwise, workaround solutions will have to grow ever more complex.**



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# Data

## Key takeaways

Being able to tell the business what it can do to increase profit margins, gain leverage with suppliers, and meet customer demands—while there's still time to do it—makes Finance a true strategist that drives business decisions. Without good data, that won't happen. And data issues won't be solved by technology alone. Fixing them requires a Finance-led discussion on the right data foundation.

Finance will double down on massive data cleanup efforts, led by a data czar empowered to ensure data integrity and set the right governance strategy.

### Call to action



Define the finance data model that supports both transactional processes and reporting requirements. Be sure to include operational data to support analytics.



Think of your data as an asset, and invest time and resources to improve it. This may require filling a key role in Finance; aligning incentives between Finance and other functions; and assigning responsibility for data quality to a C-level executive who isn't the CIO.



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# Workforce and workplace

Companies have, as we predicted, hired more data scientists<sup>4</sup>—but not in Finance. Data scientists will, however, increasingly collaborate with Finance on data integration and analysis. To reduce its reliance on IT, Finance will hire more people who can configure and customize digital tools to generate insights. And work will increasingly be done remotely as hybrid workplaces become common.

## 2018 prediction

Finance talent models will place a premium on data scientists, business analysts, and storytellers. With rule-based work largely automated, the focus will shift to business-facing analysis and exception-based investigations. Tools like predictive modeling, self-service reporting, and digital assistants will enhance Finance's capacity to provide strategic advice.

## 2021 reality

**People are *the* key enabler, and critical skill sets in Finance have evolved to include robotics, communications, process management, and other disciplines. Moreover, as disruptive events lead to new business and revenue models, the pace of change across the business world is accelerating. All of this is creating a war for top talent.**

## 2025 implications

**Finance organizations will still need traditional finance and accounting skills. But they will also need workers with capabilities drawn from such areas as operations, technology, and engineering. To get them, Finance will need to sharpen its value proposition and expand its sources of talent. People with business acumen, a service mindset, and digital savvy will be in great demand.**



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# Workforce and workplace

## Key takeaways

To support continually evolving business needs, Finance must be both an importer and exporter of top talent across the enterprise. This will shorten the life cycle of team members in some roles, but it will also expand Finance's influence and ability to pull in resources to fix problems.

### Call to action



Appoint a "chief people officer" in Finance charged with sourcing and developing talent with deep financial knowledge and the ability to optimize innovative, evolving technologies.



Consider the type of experience created by the finance organization's purpose and values. Then measure (and work to close) gaps between the experience top talent desires and current reality.

People are *the* key enabler, and critical skill sets in Finance have evolved to include robotics, communications, process management, and other disciplines.



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# “The future ain’t what it used to be.”

— Yogi Berra



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# Before you go

As Finance 2025 approaches we feel increasingly confident in our predictions, though, of course, no one knows what the future has in store. So the best you can do to prepare is consider what's likely to happen, then compare that to your finance vision and strategy. Where do you see gaps? What leads you to rethink aspects of your transformation journey?

As you ponder these questions, worry less about achieving perfection and more about continually improving the information Finance delivers to the business. With a continuous improvement mindset, you'll find ample ways to make a difference—large and small.

As we concluded our original Finance 2025 report, “The years ahead hold great promise for finance organizations that want to create more value for the companies they support. Getting there may not be smooth and easy, but it will certainly be exciting.”

Of that, we can be sure.



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