

Digitalisation in Finance and Accounting

COVID-19 – A catalyst for change?



Digitalisation is transforming organisations globally. With the ongoing global pandemic the case for use of technology and automation in myriad business functions is becoming increasingly compelling. So is true for the Finance and Accounting function. However, while technology provides an opportunity to re-engineer current accounting processes & procedures and generate tremendous value for an organisation fundamental accounting rules and business needs remain unchanged. The benefits of digitalisation can be regarded as truly realised only when the results meet management (and other users) needs while complying with fundamental accounting principles.

With deep knowledge of accounting rules, extensive experience working with organisations on event driven accounting change and in-depth knowledge of accounting processes and procedures, our team of experts work alongside your finance teams to ensure success in your finance and accounting digitalisation journey.

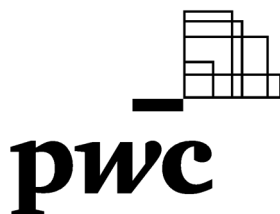


The COVID-19 pandemic continues to have a profound impact on the global economy and indeed our daily lives. Nearly every business is impacted by the social and economic disruptions resulting from social distancing measures being taken globally.

Indeed, measures like social distancing and working from home are expected to become the new norm. Given the long lasting nature of these measures, companies are now facing real challenges in maintaining stability during this period of dramatic decline in social and economic activity. Economic uncertainty and geopolitical tensions have added a new dimension to these challenges.

Whilst undoubtedly creating challenges for businesses at all levels, we believe these turbulent times also present a unique opportunity for finance organisations to rise to the challenge and help the business navigate uncertainties and maintain continuity.

In this paper we explore what we believe are key challenges that finance functions face in the current environment and how digitalising finance can help overcome these challenges while possibly reshaping the role of finance within an organisation for years to come.





350

listed companies

in Hong Kong experienced delays with their annual reporting timetable due to COVID-19 outbreak.

Remote workforce

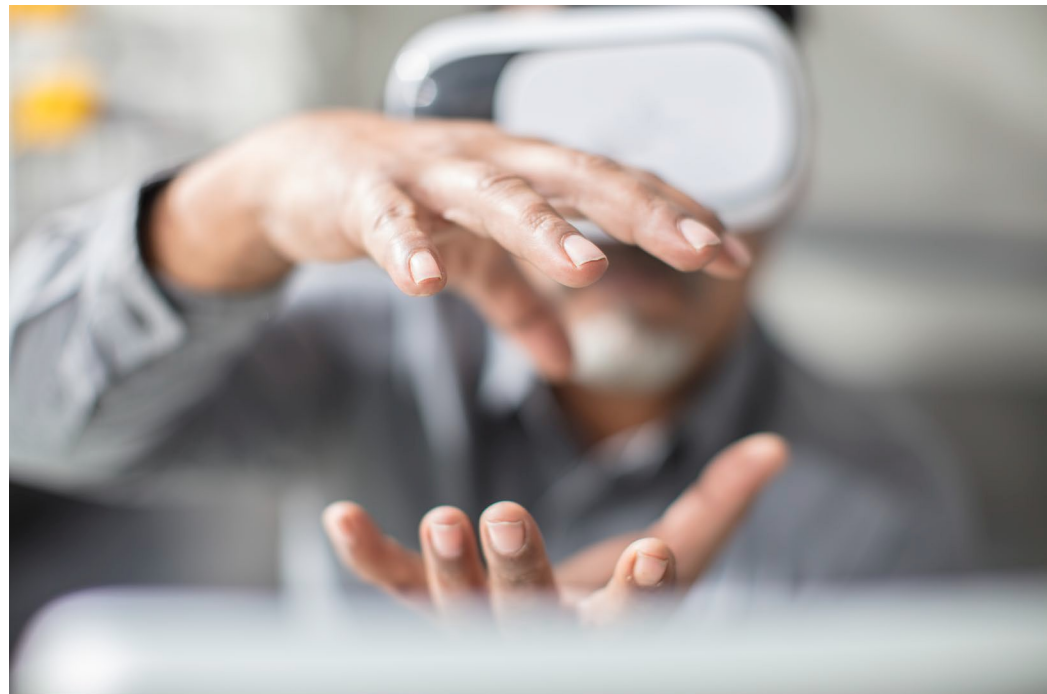
A remote workforce is no longer just a concept but a reality. Employees safety has and continues to remain a top priority for all organisations. At the same time, work from home arrangements have created tremendous disruption in workflows. More than 350 listed companies in Hong Kong alone filed for a delay in their annual reporting time table as a direct consequence of the COVID-19 outbreak, and these are just the public companies. Numerous private

organisations have faced similar challenges and will continue to do so. Furthermore, PwC's global COVID-19 CFO Pulse Survey revealed 48%# of the CFOs surveyed plan to augment work shift schedules to reduce exposure.



plan to augment work shift to reduce exposure

Source: PwC's global COVID-19 CFO Pulse Survey (as of June 2020)



Technologies such as **cloud solutions and Robotic Process Automation (RPA)** are key enablers in creating a remote workforce and higher productivity.

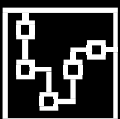
Although in a disrupted manner, technology has enabled work to continue in these challenging times and made this new way of working possible. However, a number of transformational technologies that remain untapped offer the ability to create a truly sustainable remote workforce of the future. For example, financial close cloud solutions can help automate the financial close process by automating transaction matching, account reconciliations and task management thereby significantly reducing or even eliminating the need for human intervention. On the other hand, a connected reporting cloud solution

that can connect to different data sources (both structured and unstructured) can automate a company's reporting processes. In a similar vein, Robotic Process Automation (RPA) holds the promise of automating a number of mundane processes like data extraction, computations and reconciliations.

Effective use of these technologies or a combination thereof can be a key enabler in creating a remote workforce and help organisations seamlessly transition to this new way of working.



The ability to deliver **high quality** and **reliable data** to key decision makers is critical.



A digitally-enabled finance function can redeploy resources for **higher quality reporting and analysis work**.



The question is not if digital transformation of finance will be beneficial in the long term but **how much benefit it will bring**.



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Dealing with uncertainty

A key challenge businesses now face is dealing with the widespread economic and geopolitical uncertainty. Organisations that have the ability to act quickly and decisively are likely to stand out, survive and even thrive. This is where finance functions now have the opportunity to step up and become a strategic partner of the business through use of tools like scenario planning and effective budgeting and financial planning. To this end, ability to deliver high quality and reliable data to key decision makers is going to be critical.

That said, the ability of finance teams to deliver on the strategic front will depend on their ability to move away from routine reporting and accounting

tasks to focusing more on analysis and analytics. Time saved through use of tools to automate budgeting, traditional accounting and reporting processes using cloud solutions and RPA will translate to higher productivity and more time spent on higher quality analysis of information to support the business in its strategic agenda. Data analysis and visualisation tools can further enhance an organisation's ability to drill into data and view it in ways never previously thought to be possible providing fresh insights to the market and conceivably opening new doors and opportunities for the business.

Efficiency

More than 37%* of CFOs expect changes in staffing – temporary leaves or furloughs – due to low or slow demand, while liquidity and capital resources is a paramount concern for 47%# of CFOs. In times like these cash is king and there is little doubt that cost cutting and efficiency will be top of mind for all finance executives. Yet demands on the finance function may not reduce. On the contrary, they may even grow as businesses look to new ways of tapping much needed capital. Also, as supply chains readjust in light of

geopolitical uncertainty there is every possibility that businesses may need to restructure demanding significant time and attention of the finance function.

Again the digital transformation of finance through use of financial close and reporting cloud solutions, RPA, consolidation and budgeting automation tools can translate into the ability to keep a lean team to do routine tasks and redeploy resources to get more out of the existing finance team.

Looking ahead

The disruption caused by COVID-19 is still unfolding and the effects will be felt for a while. Organisations will be forced to step back, re-examine their strategy and re-evaluate their priorities. Digital transformation of finance may not seem like a priority now but in light of the potential value it can bring to the organisation this may, on the contrary, one may argue that the case for adopting and accelerating transformation has never been more compelling. Similar to other transformations no doubt the transformation of the finance function will mean an investment. However, the value proposition is clear and the

question is not if it will bring benefit in the long term but how much benefit.

Necessity is the mother of invention but this time it may be the mother of innovation and transformation.



Leading the change – PwC's Broader Assurance Services

We are a team of experts offering Capital Markets and Accounting Advisory Services. Talk to us about your challenges regarding IPO, capital raising, financial reporting processes, accounting and corporate treasury.

Leveraging our deep expertise in financial reporting, we assist you with digitalising your accounting and reporting through:

- **current state assessment** of your existing accounting and reporting workflows
- helping you understand **key risks and inefficiencies** and **opportunities for digitalisation**
- assist with the **implementation of a best fit solution**

To know more about our services and how we can help you, please contact us.



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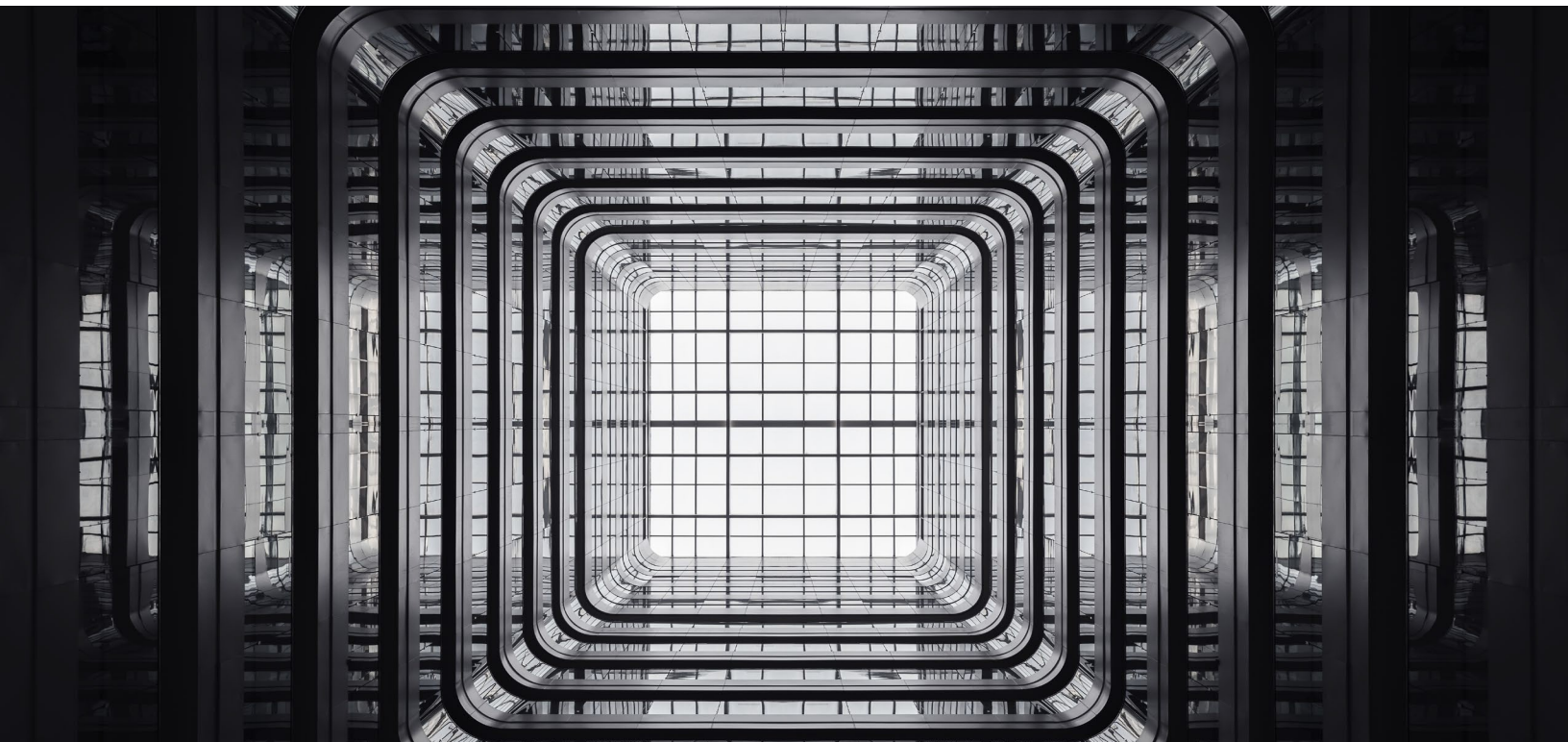
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*Source: PwC's global COVID-19 CFO Pulse Survey (as of May 2020)

#Source: PwC's global COVID-19 CFO Pulse Survey (as of June 2020)

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