Introduction
Speakers

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Top challenges facing Higher Ed

1. Over budget and under funded - As funding declines, cost management is key
2. The rivalry intensifies - Competition to attract the best students heats up
3. Setting priorities - The danger of making decisions in the dark
4. Moving at the speed of cyberspace - Technology upgrades are needed across the board
5. Rethinking infrastructure - A renewed focus on asset optimization
6. Linking programs to outcomes - Where training and market demand intersect
7. The best and the brightest - Attracting and retaining talented faculty
8. A sustainable future - Enhancing environmental performance
9. Education for all - Tackling diversity, accessibility and affordability
10. Regulations and reporting - New responsibilities require better disclosure
Polling Question – Test question

Which Canadian NHL team will have the best season this year?

- Vancouver Canucks: 13%
- Edmonton Oilers: 4%
- Calgary Flames: 9%
- Winnipeg Jets: 57%
- Toronto Maple Leafs: 0%
- Ottawa Senators: 0%
- Montreal Canadiens: 17%
Polling Question #1

Which of the following trends do you think will have the most impact on how Finance evolves in the coming years?

- Cloud applications: 23%
- Analytics: 12%
- Mobile devices: 4%
- Social media: 4%
- Business partnering: 4%
- Scarcity of talent: 4%
- Offshoring and outsourcing: 4%
- Focus on faculty/program profitability: 15%
- Changes in government funding: 27%
- Other: 12%
Future of Finance – Setting the Stage

- **How finance delivers value:**
  - Finance delivers value through three distinct types of services – operational, business and specialized
  - Think transactional, strategic and highly specialized processes (i.e. endowment accounting)

- **What enables finance:**
  - Underpinning these are enablers; information & systems, organization & people, processes & polices
Operational Finance
Operational Finance Overview

- These processes reflect upstream business transactions and are the inputs into the Finance factory.

- Value is created by delivering low cost, efficient and reliable financial information.

- Examples:
  - Transaction processing (e.g. General Accounting, AP, etc.)
  - Close, consolidation & reporting
Polling Question #2

What is your organization’s greatest impediment with respect to managing operational finance processes?

- Manual processes and lack of automation: 52%
- Poor or fragmented systems: 19%
- Decentralized operating models: 15%
- Lack of standardization: 11%
- Lack of clear governance
- Outdated or inconsistent chart of accounts: 4%
- Poor visibility into overall spend
- Other
Polling Question #3

Which of the following technologies will you invest in over the next 3 years to improve operational finance processes?

- Workflow/query resolution systems: 36%
- Enhanced reporting tools: 32%
- Web enabled tools for suppliers and customers: 12%
- AR/AP collection and billing tools: 4%
- Increased integration with customer and suppliers: 4%
- Financial close management tools
- Mobile technology
- Technology investment not a priority
- Other: 12%
Operational Finance in the future

- **Finance Factory of the Future:**
  - Business process management tools, web, workflow, and self-serve enabled
  - **Say goodbye to paper** with web based billing, invoicing, procurement, etc.
  - **Intelligent process monitoring** and process analytics capabilities
  - Institution-wide process owners and continuous improvement teams
  - Enhanced visibility by providing supporting financial info to key stakeholders (e.g. government, donors, suppliers, etc.)

The Finance factory is a fully automated control center
Business Finance
These processes support the realization of the institutions strategic objectives and focus on partnering with key stakeholders.

Value is created by partnering with the faculties and other departments to increase enterprise value.

Examples:
- Planning, Budgeting & Forecasting
- Faculty Partnering
- Reporting and Analytics
- Scenario planning
Polling Question #4

What is the main technology your organization is using for planning, budgeting & forecasting?

- Spreadsheets: 74%
- Spreadsheets combined with a vendor planning tool: 16%
- Vendor planning tool (e.g., Cognos, Hyperion, BPC/IP, Banner, other): 3%
- In-house, custom built tool: 6%
- Financial accounting tool
- Cloud based solution (e.g., Adaptive Planning)
Polling Question #5

What is your organization’s biggest priority in improving the planning, budgeting & forecasting process?

- Strategic planning: 58%
- Forecasting: 4%
- Annual budgeting: 29%
- Scenario planning: 4%
- Risk planning: 4%
- Talent planning: 4%
Business Finance (Institutional Finance)

- **Risk intelligent planning & forecasting:**
  - **Digital at its best** with web, workflow, cloud and mobile device enabled plan and forecast
  - **Models are driver-based** and built to reflect the impacts of organizational risks
  - **Scenario-planning is the new normal** with cost modeling, and risk simulations
  - **Full integration with GL** and Reporting BI platforms
  - **Cycle time compression** with forecasts completed same day

*Integrated risk-intelligent planning models coupled with deep data-driven organizational insight*
Business Finance (Institutional Finance)

- Business partnering and analytics:
  - Finance plays a bigger role, and is embedded alongside departments providing insights and analytics
  - Investment into self-serve analytics tools with reporting managed by Finance Factory
  - Extensive training in data, IT, insight and support

Finance analysts are rotated extensively across the departments with this being the new career path to leadership positions
Specialized Finance
Specialized Finance Overview

- These processes are managed and executed with specialized technical expertise

- Value is created by protecting and optimizing enterprise value at an acceptable level of risk

- Examples:
  - Internal audit / internal controls
  - Research accounting
  - Project costing
  - Endowment accounting
  - Treasury
  - Tax
Polling Question #6

What is the biggest strategic challenge facing your specialized finance functions?

- Liquidity: 4%
- FX Volatility: 13%
- Visibility into financial risk exposures: 13%
- Ability to respond to the Board/ ad hoc requests: 38%
- Inadequate systems infrastructure: 21%
- Rising operating costs: 13%
- Ineffective research/ project accounting and reporting: 13%
- Faculty/program profitability: 13%
Specialized Finance

- **Service delivery model:**
  - **COE model for specialist processes** (e.g., tax, treasury, risk, etc)
  - **Specialists are embedded in the organization** providing guidance and direction
  - **Value creation and risk management** are what specialists are measured against
  - **Single, secure, electronic content management systems** to record and store information and provision technical expertise

Specialist roles in centres of expertise is the new normal
Specialized Finance

- Emergence of the Information Czar:
  - New role to oversee data governance, data management, information models and filter big data
  - Support organization by aligning data with decision-support, organizational insight, and analytics capabilities

- Emergence of the Cash Management Czar:
  - Specialist role to oversee all cash processes, including plans, forecasts, inventory, working capital, etc
  - Heightened awareness of latent funds, working capital, and cash flow

Specialists are embedded in the organization and provide guidance, direction, insight and advice
Information & Systems
Information & Systems Overview

- The technology and data environment through which finance executes its processes

- Greater system integration with HR platform, Student Admin platform and third parties

- Examples:
  - General Ledger
  - Reporting applications
  - Planning and Budgeting applications
  - Treasury workstation
Polling Question #7

What impediments do you currently face with your organization’s finance systems?

- Poor data quality and inadequate data governance: 15%
- High operating costs: 15%
- Information is not available or adequate (outdated/ non-compliant): 19%
- Inability to support organizational growth/ expansion: 19%
- System processes are too slow / manual: 15%
- Systems are fragmented throughout the organization: 26%
- Other: 7%
Information & Systems

- Enterprise resource planning systems:
  - Significant investments in single instance ERP, drill-down (hierarchies) and drill-through (sub-ledgers)
  - Extensive use of visual process management and process analytics tools
  - Workflow, web-enabled, self-serve, alerts with analytics results pushed from the Factory to a user’s device

Integrated ERPs with event-driven integration, in-memory processing, and real-time reporting & analysis
Information & Systems

- **Mobile applications:**
  - Applications are mobile enabled and device and operating system agnostic
  - Extensive use of imaging (using phone, tablet or scanner)

- **Finance and the cloud:**
  - Cloud-based performance management solutions is now the norm
  - The prevailing Finance systems architecture remains ERP at the core wrapped with cloud-based applications

Mobile-device enabled applications, huge strides in data visualization, and scalable Finance platform
Organization & People
Organization & People Overview

- The organization, structure, talent and capabilities to enable finance processes

- Examples
  - Organization Structure
  - Shared Services
  - Talent & Capability
Polling Question #8

What is the biggest impediment in moving to an alternative operating model?

- Organizational Culture: 44%
- Costs: 22%
- Institutional strategy and operating model: 19%
- Talent quality: 7%
- Talent availability: 4%
- Proximity to faculty and department leadership: 4%
- Regulatory/ legal: 2%
- Government Funding: 1%
- Language skills: 1%
- Other: 0%
Organization & People

- **New age talent agenda:**
  - **Finance talent remains scarce** - extensive training and job rotations are the basis of ongoing leadership development
  - **Discrete career paths** for process consultants, business analysts and technical specialists
  - **Comprehensive business partnering** aligned with faculties or other departments
  - **Rotational program** for business analysts across departments
  - **Training is based on role**, focus on partnering and analytics capabilities
Process & Policy
Process & Policy Overview

- These processes and policies support a standardized and controlled environment

- Examples:
  - Process management
  - Controls and compliance
  - Policies
Polling Question #9

What is your biggest challenge as it relates to governance and risk management in your organization?

- IT applications and systems: 4%
- Data management and availability: 17%
- Resourcing: 21%
- Analytics and reporting: 4%
- Third party service provider oversight: 4%
- Risk governance: 8%
- Regulatory compliance: 4%
- Lack of agility for changing landscape: 13%
- Consensus driven culture: 13%
- Faculty / department autonomy: 17%
Process & Policy

- Policies and procedures:
  - Central management of updates to policies and procedures
  - Rapid review and dissemination of new regulations, controls and technical accounting conventions across the organization
  - Compliance alerts enable short cycle time for adoption and deployment

Adoption of process analytics tools and GRC solutions to monitor, detect and control processes
Final perspectives
Summary

- Wrapping it up:
  - So there you have it, our take on the Future of Finance:
    - The Finance Factory,
    - New Tools and Models,
    - Extensive Partnering,
    - Emerging Czars,
    - The War for Talent, and
    - The Drive for Finance Leadership
  - Get ready for change!
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