HOW DOES ASIA FIT INTO THE ROLE OF DIGITISATION IN THE FUTURE OF FINANCE?

Views by Mr Jayanta Chatterjee (SMP, 2018), Chief Financial Officer, Indorama Corporation. Mr Chatterjee is a chartered accountant with 22 years of post-qualification experience. In the current official engagement with Indorama Corporation, he is responsible for various roles in Finance, Procurement and Commercial. He has extensive experience working for large fertilizer & chemicals, mines & metals, retail, cement and FMCG groups in India and held a key role in the SGX listing procedure of a major retail group in Singapore. He is also well versed in finance digitisation and has received the award from AIMA Centre India for Best Shared Services Centre implementation.

Like most other industries, finance has seen significant transformation thanks to technological advancements, and will no doubt continue to evolve along the same path in the future.

The role of digitisation in the future of Asia's finance sector has increased. The issue of recruitment for finance functions is no longer just about qualifications, experience and skill set, but also how a new hire would be able to carry out his duties within a technology-driven professional environment. For instance, accountants used to work onhandwritten ledgers that later became enterpriseresource planning (ERP). But ERP is more like post-mortemdata, month-end and year-end audits. But now, we have online data and are no longerdependent on Excel sheets or emails as we can access the information round the clock. Whether you are in Switzerland, China or Ethiopia, you can get to this data on a real-time basisas a result, the concept of financialdashboards - basic reporting of production, sales,working capital, stock levels and non-moving stock,as well as treasury and banking reporting-hadbecome prevalent in the last seven to eight years, withanalytics now a part of such dashboards.In case raw material price increases by 10%, what is the impact on EBITDA? In case minimum wages increases by 5%, what is the impact on fixed cost? People don't want to wait for one week to find out-they want the information today, so that's how the analytics has become a part of the dashboard.

The role of analytics and automation in finance has also grown. It is estimated that 30% to 35% of a CFO's job these days involves IT and automation. In fact, technology and finance were now inseparable - a CFO could even see his role altered to CFO (Chief Future Officer).

Assessing the relevance of other positions in the industry is also an inevitability. Weneed to understand which roles will become redundant in next five to 10 years - traditional accountants, ledger writers and book-keepers are some examples, because all these will be online and on dashboards.

On the other hand, the role of data analyst - sometimes also called data mining operator or datascientist - has become increasingly prominent in the world of finance.A finance job is no longer just about finance. You cannot simply produce a finance report - it has tobe an organisation-wide report with finance as one of the operating departments. You must consider the operational, strategic and risk assessment aspects.This is why analytics and data are necessary. The role of CFO still hasn't changed - he is still a governance risk mitigator and fund analyst. He is still involved in governance and compliance, in decisions to buy or sell, and in training and managing talent.

However, because of continuous technological progress and its prevalence in finance, it has becomeespecially crucial for CFOs and CEOs to take on more forward looking concepts to grow their business.

It is imperative that they learn to harness technology to provide data on details such as projected market share and EBITDA for new projects, whom to hire, what resources are required and even how market segmentation should be handled.

If a CFO cannot analyse these things, he cannot add the value to business meetings. For all this, he needs technology - predictive technology. The evolution of technology to include predictive tech is already evident in all industries, people and resources as the two biggest challenges in the increasingly digitised worldof finance functions, where having the right person in the right role remains a tricky task. It's not so easy in Asia to find someone who can produce analytical report in 24 hours (which many companies need to keep up to date). It's not just about getting the right person with the right qualifications; the right platform is also important.

In terms of resources, he brought up the implementation of robotics as an example, sayinga growing number of companies had started using bots to maximise efficiency and help improve time management. If I want to implement bots, for instance, I have tostudy the functions involved and finances requiredbefore preparing a report on which aspects of thebusiness would benefit from bot implementation.Then, in order to implement it, I have to create amould for each bot technology. This means that for aspecific department in a specific company, I'd haveto create a bot for a specific purpose. That wouldmean a heavy amount investment - likely a fewmillion dollars. SAP HANA, an in-memory, column-oriented, relational database management system developed and marketed by German softwareMNC SAP SE. As a database server, SAP HANA's main function is to store and retrieve data when requested by applications. The system also performs advanced analytics - including predictive, text and streaming analytics - and possesses ETL (extract, transform, and load) capabilities. A large number of major firms have implemented or intend to implement S4, the latest iteration of SAP HANA, which costs three and-a-half times the earlier versions SAP SE haddeveloped.

Do SMEs have the means and resources to sustainthis? Can they take this forward into the future? Acompany may become fully automated but withoutEBITDA, they could close in two years.It is also necessary to consider long-time employees,who may be particularly resistant to such majorchanges. In such cases, trainers and guides may berequired to help ease the transition to new, tech-drivensystems.

It's very important to have an open mind and a positive mind-set. Finance people can be possessive of the work they do and not want to share their expertise. But sharing is the key to teaching and learning new things. I believein the next year, financial expertise and tech savviness will be considered synonymous, and finance professionals will be required to be well versed in the digitisation of their industry.

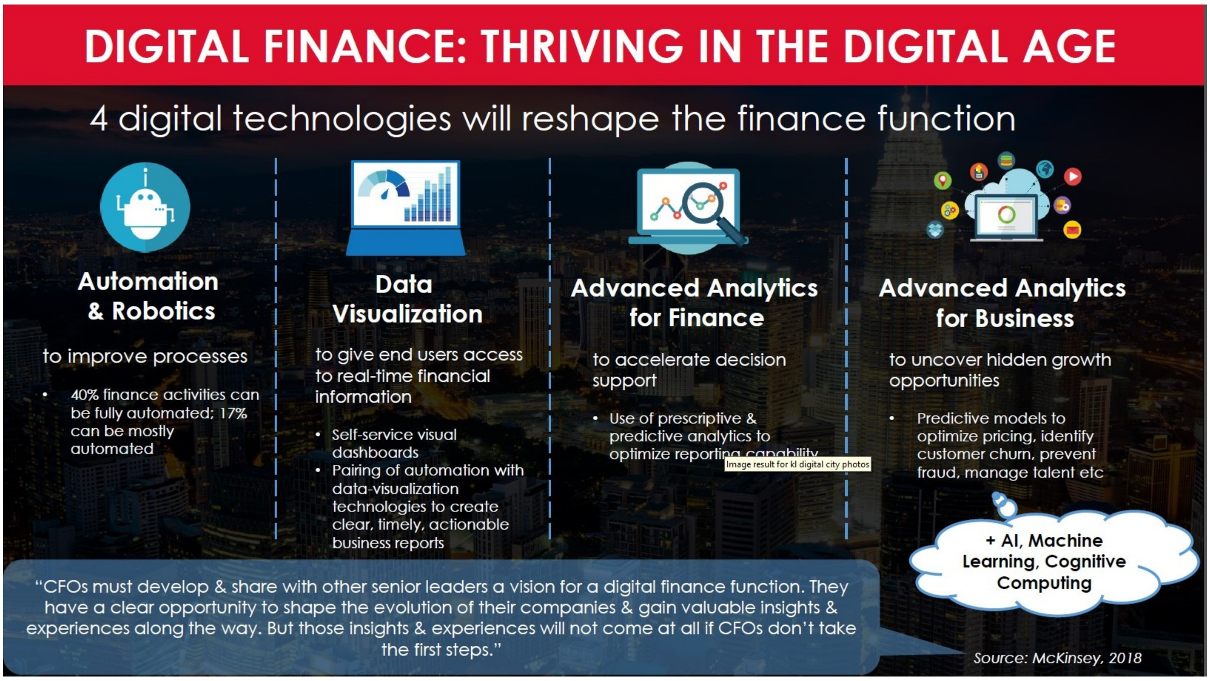
Small tools like Tableau (a data visualisation tool that simplifies raw data into a more comprehensibleformat) will come to play a big role, helping people keep track of their targets, KPIs and other deliveries.

The CFO can work with IT and look for small packages, like Tableau and Salesforce.com. OracleCloud Financials has a few products whereby they can give you extended technology on its cloud platform - so I see these small tools being integrated with companies' ERP systems.

This would then lead to varying forms of automation across multiple aspects of the business, includingsales, production, working capital, investment and ROI. Digital integration is yet another vital aspect of the future of finance: allowing vendors, customers and end-users to have access to one another viaconnected portals will increase transparency and therefore, customers' trust.

Furthermore, over the next year or so, a lot of software will "flood" Asia Pacific Region, which will see asurge in the integration of data that will facilitate communication between end-users, suppliers andcustomers. This also means that certain jobs will become redundant; with about 20% of finance jobs in Asia being affected.

Even managerial roles like CFO, head of finance, GM and VP can become redundant if the people in those roles fail to keep up to date and to upgrade their skills and knowledge.You need to be smart because the business is getting smarter. Those who believe what they learnt in school 10 to 20 years ago will suffice will slowly become redundant and have to find some other jobs.So, these older CFOs will slowly be redundant, and I foresee young blood covering at least 20% of themarket to replace them. This is the future.



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