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# Digitalization of the Finance Function in the Automotive Industry

Results of an empirical study about the  
 implementation status and challenges

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## Preface

Successfully implementing digital transformation initiatives is critical to the long-term success of a company. For the finance function within companies, it is firstly important to support the company's management team and to adapt business models, organizational processes and internal cost structures to new competitive conditions. However, it is also important for a finance function to rethink its own role, structures and processes.

The nature of digitalization offers finance functions the opportunity to establish themselves as business partners for management. After all, although there has been demand for years to develop the finance function as a business partner, many companies have not been able to successfully achieve this positioning for various reasons. Yet the transactional activities of the finance function are prime candidates for further automation. This development alone should create capacity to focus more on value-creating business partner activities, but it is also worth considering that digital technologies offer enormous potential to also increase the effectiveness of these activities. Digitalization thus represents both a challenge and an opportunity for the finance function.

In most cases, previous studies on the digitalization of the

finance function have been cross-industry; the automotive sector has not been given explicit empirical consideration. In view of the major challenges facing this industry with changing business models and the simultaneous increasing demands for digitalization of the finance function, this study focuses solely on the automotive industry.

For the first time, this study systematically demonstrates the status of digitalization of the finance function within the automotive industry. It provides answers about which objectives are being pursued and have already been achieved through digitalization, and which factors are decisive for successful implementation. In addition, it formulates some initial recommendations for action. The study was conducted as a collaboration between the Universities of Göttingen and Groningen, and management and IT consultancy MHP. The study was conducted without any financial support from MHP for the two participating universities.

Göttingen, Groningen and Wolfsburg, July 2020

**Dr. Sebastian Firk** | University of Groningen  
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## 01

## Introduction

The automotive industry is in the midst of a fundamental shift toward electromobility. This transformation process is not just about building electric vehicles, but also about the development of new business models relating to mobility. According to estimates, German manufacturers and suppliers plan to invest EUR 50 billion in this area by 2024 (Scheel, 2020).

In this situation, the finance function takes on an even more central role in the company. With its diverse range of tasks, such as accounting, controlling, treasury, tax and risk management, the finance function becomes the guardian of value creation. In this role, it must continue to safeguard profitability on the one hand, but also provide capital for the necessary investments on the other. Digitalization within the finance function can be a key factor in this task since digitalization initiatives improve the provision of decision-making data and optimize the distribution of information. In addition, workflows and business processes are made more effective and efficient.

In view of the special features that characterize companies in the automotive industry, this study provides answers to a number of questions, including the following:

- 1 What is the status quo of digitalization within the finance functions of companies in the automotive industry? What are the main objectives for digitalization of the finance function?
- 2 How are finance functions trying to implement digitalization and what are the most common challenges facing companies?
- 3 Which areas within the finance function will be particularly changed by digitalization and what does this mean for the future structure of the finance function as a whole?

The analysis is based on an empirical study conducted by Prof. Dr. Michael Wolff, Julian Meier and Yannik Gehrke at the Chair of Management and Control at the University of Göttingen and Dr. Sebastian Firk from the University of Groningen in cooperation with René Kuhr, Jonas Bucher and Leah Wormeck from MHP Management- und IT-Beratung GmbH.



# Management Summary



Employees are positive about digitalization

**49%**

do not have an overarching digital strategy

Every company in the automotive industry is tackling the process of digitalization. Until now, there has been limited knowledge about the status of digitalization in finance functions

**100%**

of OEMs represented

Support from senior management is regularly lacking



**66%**

envisage leaner finance organizations in the future

**100**

More than participants from the automotive industry

The existence of a digital strategy is an important success factor



**26%**

use digital technologies extensively

**51%**

of participants with management responsibility

Finance organizations need to be more entrepreneurial



For this study, 106 companies from the automotive industry in German-speaking countries have provided information about the digitalization of their finance organization. The survey shows that finance organizations still face major challenges with regard to implementing digitalization initiatives.

**49%**

of companies still lack use cases

# 02

## Understanding Digitalization

ORGANIZATION

SKILLS

TECHNOLOGY

The concept of digitalization is ubiquitous and the use of the term is now widespread. This makes it even more important to establish a clear definition of what is understood by digitalization in the context of this study and in the finance function in particular. When we talk about digitalization, we use a broad version of the term and distinguish between organization, technology and skills as the three spheres of influence.

In the area of organization, both the organizational structure and the process organization are considered. Within the framework of the organizational structure, the focus is on the question of the target operating model (TOM) and thus the decision between centralization and decentralization, as well as questions relating to the form in which new functions such as an analytics hub or reporting factory should be set up. For the process organization, the main issue is the automation of business processes and the removal of manual interfaces.

Technology is the central driver of digitalization and forms the basis for developments in the adjacent areas. In the finance function, the use of digital technologies for analyzing relevant internal and external data is seen as an essential feature of digitalization. In addition, the use of programs and algorithms for decision-making support and more efficient handling of tasks

is viewed in this way. The use of cloud solutions and robotics and the introduction of processes based on blockchain also characterize digitalization in the finance function.

In addition to organization and technology, the area of skills is also a major part of digitalization since successful digitalization is not possible without the appropriate employees. This leads to the question of which skills will be needed from employees for future activities. The impact of a changed organizational structure and process organization as well as the increased use of analysis tools and the necessary interpretation of the results require corresponding changes to roles and skills profiles in the finance function.

In summary, this study is based on a broad concept of digitalization that relates to organization, technology and skills as the three spheres of influence.

# 03

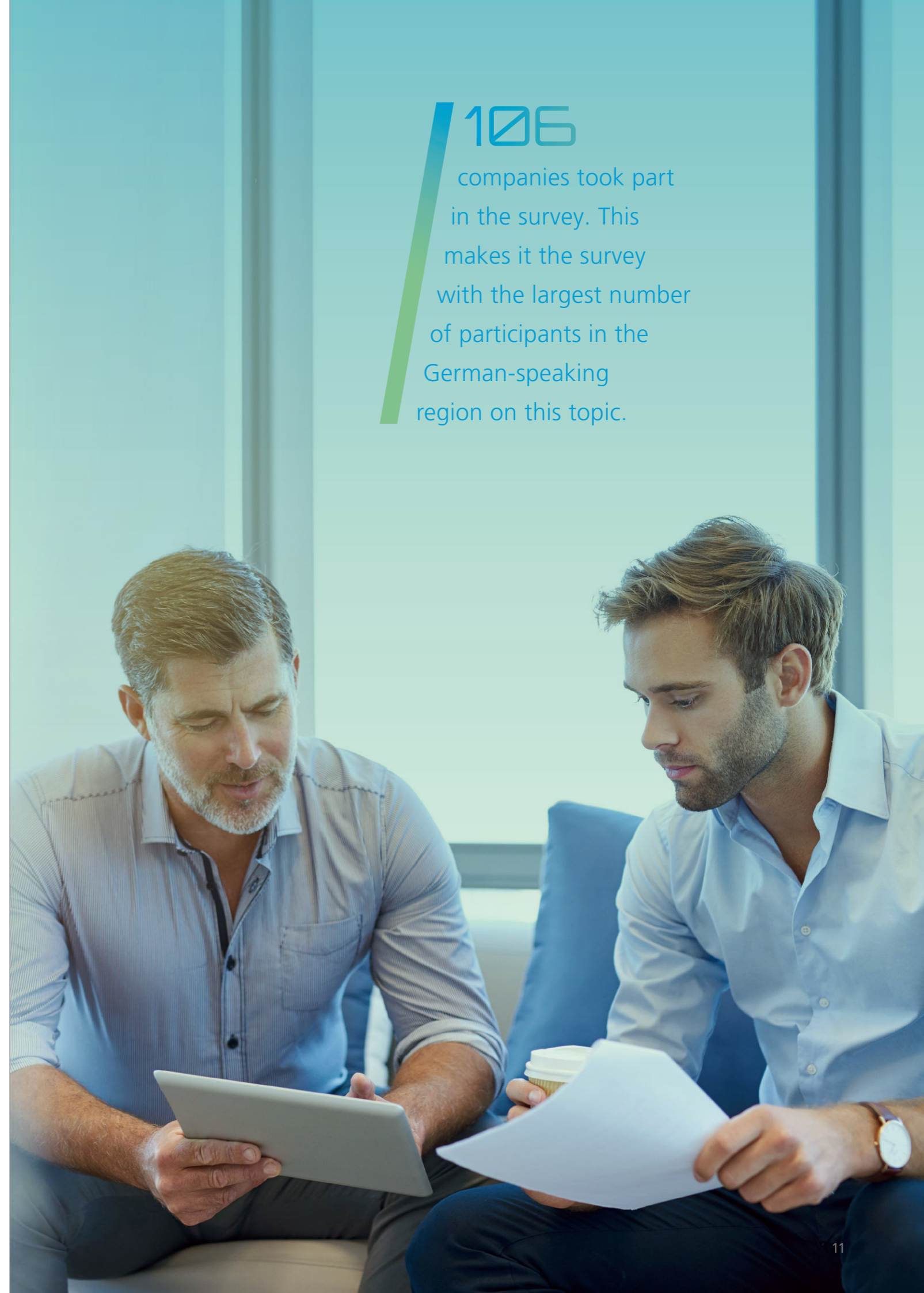
## Procedure / Respondents

Around 500 companies in the automotive industry were contacted for this study. A total of 106 companies completed the online survey in full. This is therefore the survey with the largest number of participants in German-speaking countries on this subject. The large number of participants reflects the importance of digitalization of the finance function as a topic for the automotive industry.

Figure 1 shows that the great diversity of the automotive industry is reflected in the survey. For example, smaller suppliers as well as the large OEMs are represented in the sample. In addition to all German OEMs, the study includes a wide range of suppliers. Around two thirds of the companies surveyed have a turnover of at least EUR 100 million.

The main participants in the survey were decision-makers at the participating companies. 51 percent of the respondents had senior management responsibility themselves (e.g. as the CFO) or are part of the first management level. Figure 2 shows the distribution over hierarchy levels in detail.

When the respondents are not part of senior management, in 90 percent of cases they come from controlling or accounting.



**106**  
companies took part in the survey. This makes it the survey with the largest number of participants in the German-speaking region on this topic.

## Size of the surveyed companies

2/3 of the interviewed companies have a turnover of at least € 100 million.

The heterogeneity of the industry is reflected in the participants (OEMs and suppliers).

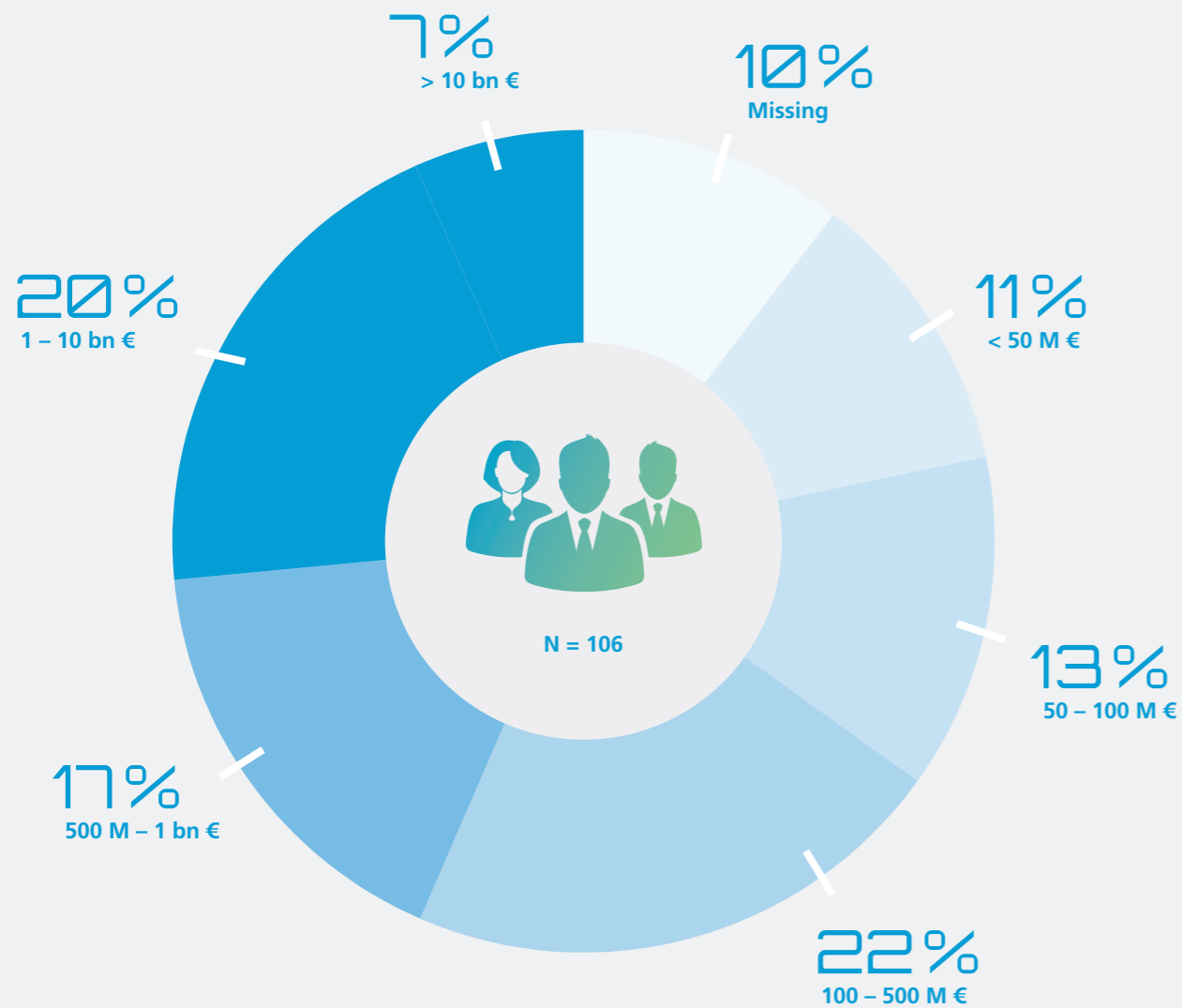
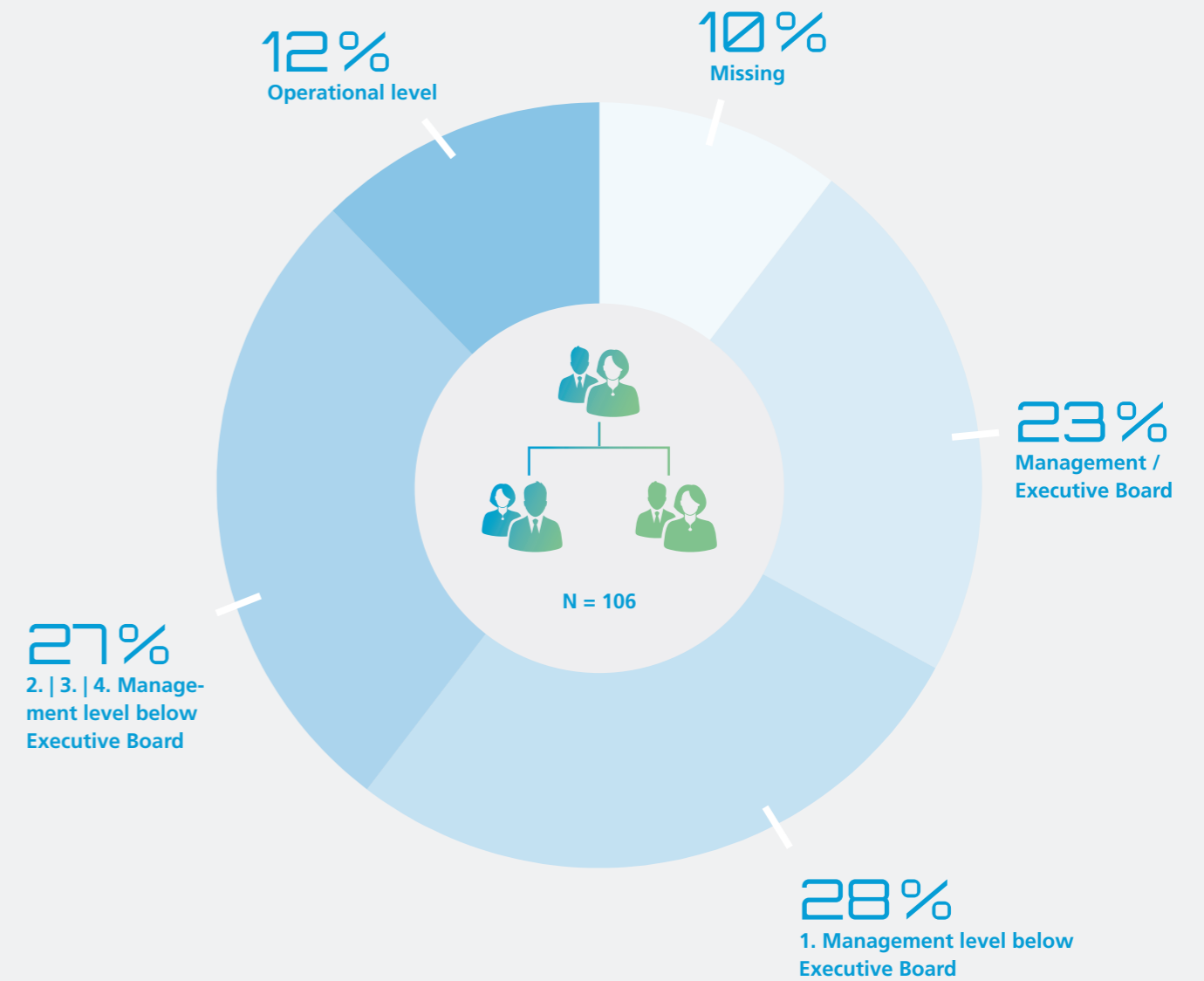


Figure 1: Percentage distribution of participating companies by turnover

## Hierarchy level of the survey participants



About 51% of the participants have management responsibility or are in the first management level below the executive board.

Outside management, more than 90 % of those surveyed work in controlling or accounting.

Figure 2: Percentage distribution of respondents by hierarchy level

# 04 Results

The key results of the survey are presented below. The question of how the current status quo of digitalization is assessed by the respondents is examined first. Based on this, the existence of a digital strategy as well as the achievement of individual, specific digitalization objectives is analyzed. This is followed by an analysis of how digitalization is organized in companies – and in the finance function in particular – and what barriers exist. In conclusion, the consequences of digitalization that respondents expect to face in their functional areas are analyzed.

## 4.1 Status Quo of Digitalization

**The use of digital technologies depends on the quality of the financial system landscape. Among companies that have a higher-quality system landscape, the use of digital technologies is already much more developed.**

Before companies can systematically use new digital technologies in the finance function (e.g. approaches from business analytics), appropriate conditions must be established regarding the infrastructure and the system landscape, such as harmonized processes or interfaces. This is typically referred to as digital readiness, and it tends to be low for most of the

companies. For example, less than half are satisfied with the status quo of the infrastructure (48 percent) and the system landscape (40 percent). In view of this low level of digital readiness, it is clear why only 27 percent of the companies surveyed regularly use digital technologies (cf. Fig. 3).

The main reasons for the low level of satisfaction with the financial system landscape are existing interface problems and problems associated with integrating different data sets. As a result, the quality of the system landscape steadily declines as data and data integration requirements increase.

With regard to the financial system landscape, it is also apparent that larger companies (turnover of >500 million EUR Revenue) face more of a struggle with the system landscape. The major interface problems at large companies are particularly striking. For example, the large companies have lower satisfaction levels when implementing interfaces to external data sources and using poly-structured data. In addition, they seem to have greater difficulties in providing employees with the necessary data for their work. While on average 63 percent of all companies surveyed say they are satisfied with overall data availability, this is just over half (51%) for larger companies, while three quarters of small businesses are satisfied.

## Status Quo of Digitalization

Positive answers / N = 106

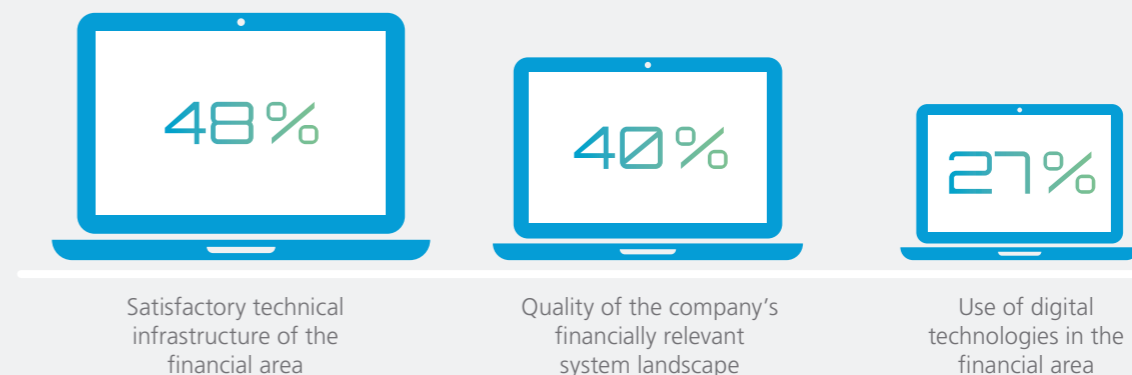
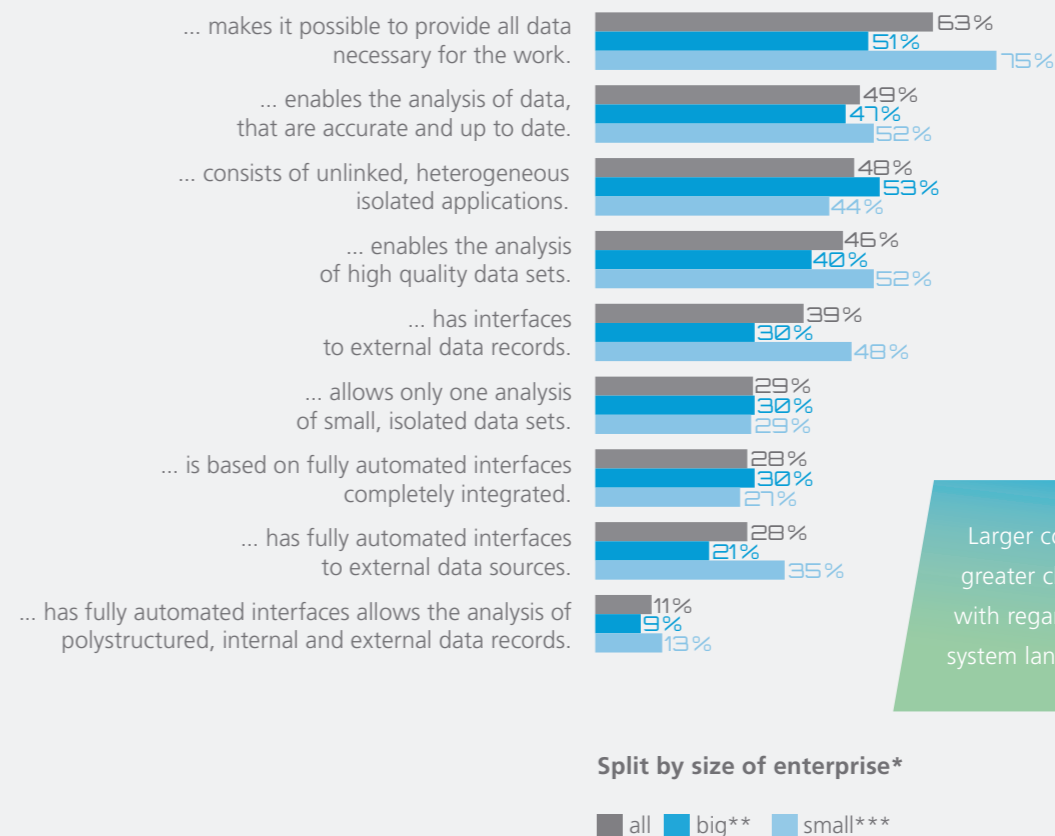


Figure 3: Overview of the status quo of digitalization  
Status quo of digitalization I

## How would you describe the quality of the financially relevant system landscape of your company? Our system landscape ...

Positive answers / N = 95



Larger companies face greater challenges with regard to the system landscape.

Figure 4: Quality of the financial system landscape  
Status quo of digitalization II



## To what extent are the following digital technologies used in the daily work of your financial department?

Positive answers / N = 95

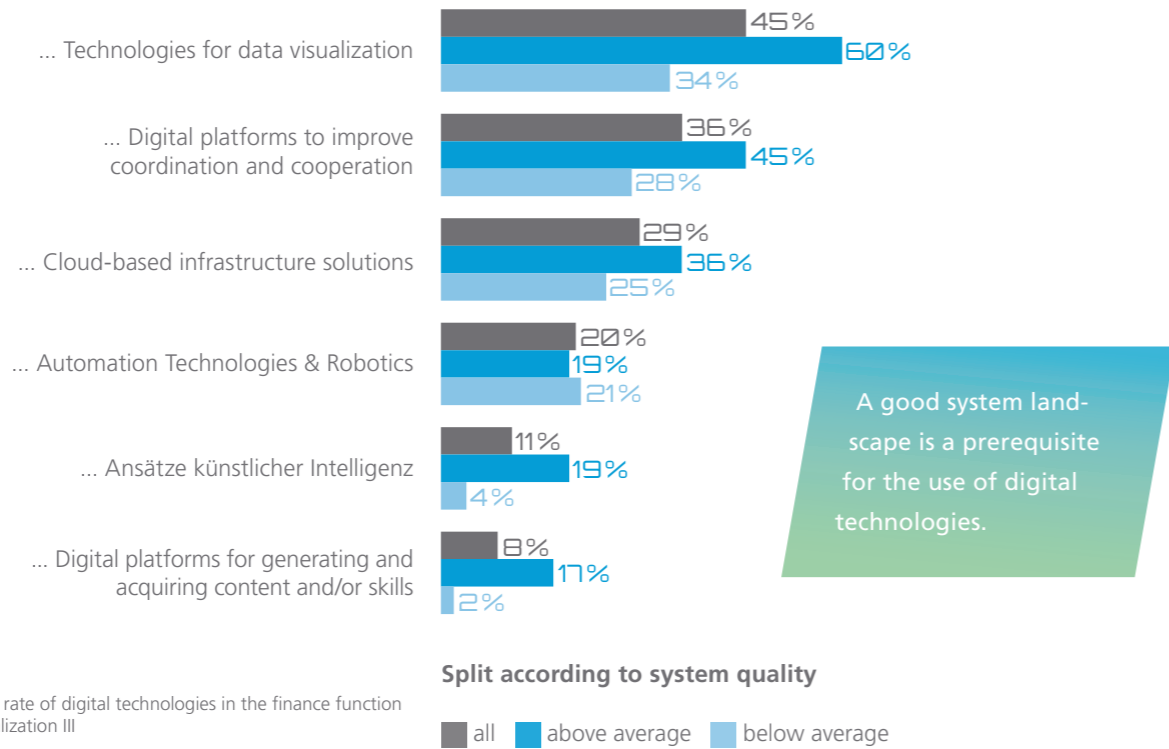


Figure 5: Utilization rate of digital technologies in the finance function Status quo of digitalization III

## How do you assess the current status of digitisation in your financial sector with regard to the following goals?

Positive answers / N = 95

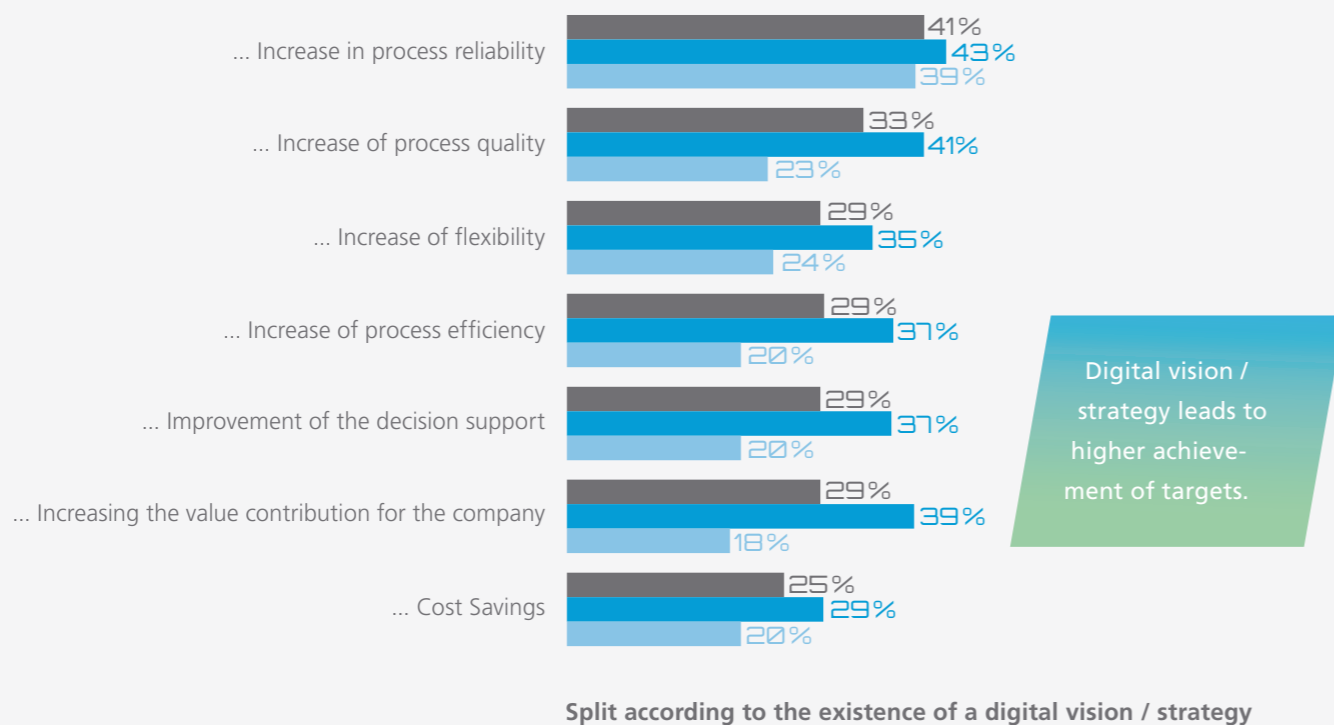


Figure 6: Current level of achievement for digitalization objectives

In summary, it can be said that as the company size increases, so does the scale of the challenges associated with the system landscape. Smaller companies are better positioned in almost all areas than larger companies or perceive the quality of their financial system landscape to be better. The numerous projects for consolidating and harmonizing ERP systems at large companies represent a practical observation that supports this result.

The use of digital technologies depends heavily on the quality of the financial system landscape (cf. Fig. 5). Integrated systems with appropriate interfaces and the establishment of a uniform database or uniform data structures reduce the barriers to the use of data visualization technologies. Nevertheless, this infrastructure advantage does not lead to a reduced use of automation technologies and robotics; instead, companies use the technologies for further optimization. The relevance of a

high-quality system landscape when using artificial intelligence becomes very obvious. This clearly shows that the appropriate foundation must first be established in order to use this technology.

### Recommended Action

- Develop an optimized system landscape to support standardized and harmonized business processes and a uniform financial data model
- Remove isolated solutions and increase systemic integration
- Improve company-wide data quality

## 4.2 Objectives of Digitalization

**The goals of digitalization are very heterogeneous and include both efficiency and effectiveness objectives, but few companies have achieved theirs so far. An overarching digitalization strategy or vision is a key success factor for digitalization of the finance function, but 46 percent of companies still do not have one.**

Digitalization of the finance function is not only aimed at increasing the efficiency of operations within the finance function; through digitalization, companies also hope to increase effectiveness. Examples include improving decision-making support or increasing the company's value proposition. The existence of a clear digitalization strategy or vision is crucial to achieving efficiency and effectiveness objectives because companies with such a strategy systematically have a higher status quo.

Companies that place great emphasis on achieving specific objectives through digitalization of the finance function are in a stronger position when it comes to achieving these objectives. Of all the objectives analyzed, the participants surveyed estimate the level of achievement to be higher for the objectives that are given greater emphasis within the company. With regard to process-related objectives, such as increasing process reliability, quality and efficiency, the estimated increase in efficiency is relatively strong at 15–20 percent. By contrast, increasing flexibility seems to be one of the biggest challenges – objective achievement increases by only one percentage point with a higher weighting.

Although the importance of a coordinated strategy as an integral part of a successful transformation process is widely accepted, almost half (46 percent) of the companies surveyed do not adopt a coordinated strategy for digitalization of the finance function. Interestingly, this result is not influenced by

the size of the companies surveyed, since almost half (47 percent) of large companies do not adopt such a strategy.

An overarching digitalization strategy or vision is a key success factor for digitalization of the finance function that only about half of the companies surveyed have implemented. The related efficiency / effectiveness objectives set by the companies surveyed are achieved to a much greater degree if the companies pursue a digitalization strategy, with a clear correlation across all the objectives considered (between 12 percent and 48 percent). Interestingly, the link is stronger than in the evaluation on the issue of weighting the objectives, which reinforces the importance of a coordinated strategy.

Particularly with regard to the objective of "increasing flexibility" – a point that, with a greater weighting of the objective, results in only a minimal increase in the achievement of the objective – the importance of an overarching strategy is clear: In this case, the level of objective achievement increases by 29 percent. Flexibility is hindered by such factors as high complexity and isolated solutions, which is also expressed by the high level of dissatisfaction with the financial system landscape mentioned in the status quo section. This challenge can therefore only be overcome with a digitalization strategy.

### Recommended Action

- Consider efficiency and effectiveness objectives
- Establish and pursue a digitalization strategy in the finance function
- Combine strategy and objectives into a digital roadmap for the finance function



## Digital Strategy / Vision

Almost half of the companies surveyed have neither a digital strategy nor a digital vision.

46%



54%



Figure 7: Proportion of companies with a digital strategy / vision  
Goals of digitalization I

## 4.3 A discussion between Christian Schenk and Prof. Dr. Michael Wolff

# Expert Interview

**Christian Schenk** has been CFO of MAN SE and member of the Executive Board for Finance, IT and Legal at MAN Truck & Bus SE since 2019. He has previously held various positions within the VW Group, most recently heading the Controlling area for the VW brand. Michael Wolff is co-author of the study and a professor at Georg-August-University Göttingen.



**Prof. Dr. Michael Wolff:** Our study shows that many companies demonstrate a relatively low level of digital readiness. Currently, only around 25 percent of companies in the financial sector are using new digital technologies, such as business analytics. What prerequisites and conditions do you consider to be crucial for successfully using new digital technologies and instruments in the financial sector?

**Christian Schenk:** First of all, it is crucial to establish a culture of transparency and openness between the various divisions of the company. This is the only way to achieve an end-to-end view of processes that involve multiple divisions, which in turn enables the recording and digitalization of the respective processes. Secondly, consistent and central standards – for example, for the necessary KPIs – must be defined for data collection and processing. However, as a prerequisite for these activities, the desired management model and management mechanisms must be clear. This strategic question should be clarified before starting the digitalization activities.

**Prof. Dr. Michael Wolff:** Some companies are still wondering whether the efforts and costs of digitalization are worthwhile. In your view, what opportunities can digitalization offer the financial sector?

**Christian Schenk:** First of all, digitalization offers the opportunity to accelerate the various processes within the financial organization and therefore allow the financial organization to work more quickly overall. In addition, transactional activities can be reduced and productivity increased. However, in the long term, the real value of this increased efficiency and speed lies in the fact that the employees of the financial organization can better focus on valuable activities. Therefore, digitalization gives the financial organization the opportunity to further develop as a real business partner of the management team.

**Prof. Dr. Michael Wolff:** An important success factor for implementing digitalization is having an explicit digitalization strategy in place for the financial organization. How did you develop your digitalization strategy and what priorities did you focus on?

**Christian Schenk:** We are currently working in various teams to implement our digitalization strategy. In addition to a clear goal and a corresponding timeline, when drawing up a digitalization strategy it is crucial to determine which conceptual and technical substructures are required, such as clearly defined processes or a harmonized system landscape.

**Prof. Dr. Michael Wolff:** Employees in the financial sector are often considered to be hindering digitalization. Our study cannot confirm this. Would you say that it is, in fact, more important to reconsider topics related to management in order to ensure successful digital transformation?

**Christian Schenk: Absolutely.** Digitalization is also a challenging management task. Among other things, the fact that many technologies are so new and that new digital business models can be uncertain means that employees must be given greater freedom. Coupled with the challenge of often not having the necessary digitalization skills themselves, many managers view this as a loss of power and therefore struggle to make the necessary changes. In addition, managers need to give serious thought to how they can use communication to guide their employees through the transformation phase and how they should implement the necessary qualification measures.

**Prof. Dr. Michael Wolff:** The coronavirus crisis is making many companies question their digitalization strategy. What do you think of this?

**Christian Schenk:** As you would expect, most companies are critically reviewing their investments in light of the coronavirus crisis and the resulting slump in sales and liquidity constraints. However, companies that are thinking of the long term will only be putting their investments on hold and not permanently ceasing them. The crisis has also clearly highlighted the importance of digitalization – both for collaboration within the financial organization and for carrying out tasks. Given the high degree of uncertainty in the market environment, having data that is always high quality and available in a timely manner is very desirable. It means on-going decisions can be made with access to more of the facts. And that is exactly what digitalization promises. The importance of scenarios has also proved to be a success factor in these uncertain times.

**Prof. Dr. Michael Wolff:** Now to the long-term perspective of digitalization: How will it change the financial organization?

**Christian Schenk:** As I have already mentioned, digitalization offers the opportunity to establish the financial organization as a real sparring partner for the management team in the long term. Digitalization has the ability to shift the focus from transactional activities to decision-making support. However, in many cases this requires staff restructuring in the financial organization: For example, IT skills will become more important, a deeper understanding of strategic challenges will be needed, and there will be greater openness in the event of questions relating to other divisions within the company. The demands on the financial services of the future will therefore increase. In my opinion, this also makes finance even more exciting as a field of activity with many career prospects, even in other areas of the company.

**Prof. Dr. Michael Wolff:** Thank you for the interview!

## 4.4 Organization / Management of Digitalization

**The digitalization of the finance function is still very uncoordinated in large parts. In addition to a lack of strategy, half of the companies do not have the appropriate committees or dedicated employees to deal with and manage the issue. However, it is clear that this organizational anchoring of digitalization is an essential success factor.**

In order to achieve digitalization objectives, appropriate conditions must be established in the companies from an organizational, procedural and technological perspective. For example, 77 percent of the companies surveyed already have digital initiatives in place, such as strategic digitalization projects for the finance function. However, just over half of the companies do not have a decision-making committee or employees who explicitly deal with digitalization of the finance function (cf. Fig. 9).

In addition, there are some factors that make it particularly difficult to digitalize the finance function. These include a lack of starting points for digitalization initiatives, insufficient strategy implementation, a lack of employee support and inadequate change management (cf. Fig. 10). When comparing the survey results, it is noticeable that the presence of dedicated employees and committees that track and control the issue of digitalization

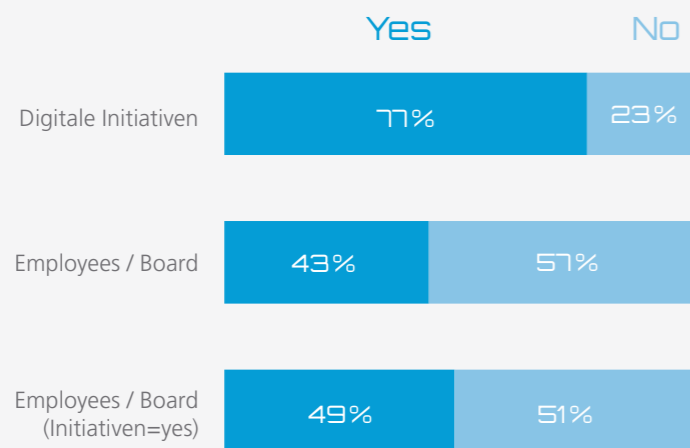
leads to a reduction in barriers. Companies that do not exhibit these features give a much higher rating to the complicating factors.

In particular, a lack of strategy implementation or the lack of any strategy at all can be brought into focus as a complicating factor. Unclear definition and communication of digitalization visions and objectives as well as digitalization strategies and roadmaps for the finance function are identified by 73 percent and 67 percent of the companies surveyed as obstacles. In companies with employees and committees for digitalizing the finance function, the results are about 10 percent lower. Likewise, the absence of links with the overall corporate strategy and a lack of budget for digitalization projects make digitalization of the finance function considerably more difficult.

A lack of starting points, such as a high degree of process complexity or a lack of use cases, are seen as just as problematic as inadequate change management. For example, in the companies surveyed there is a lack of understanding between business units and digitalization teams, a lack of a clear mandate for digitalization projects as well as a lack of support from senior management and the board of directors for digitalization issues. With the exception of the topic of complexity, the results in all other areas are better if appropriate committees are in place. In contrast, a negative attitude or concerns on the part of employees in most cases represent a very small problem.

### Do the following elements exist in your company regarding the digitalization of the financial sector?

Positive answers / N = 95



77% of the companies surveyed have **digital initiatives**.

About half of the companies surveyed have **neither a board nor employees** whose primary goal is the digitalization of the financial sector.

Even in companies with digital initiatives only in 49% of the cases employees or board exist.

Figure 9: Overview of elements of digitalization Organization / Management of digitalization I

The more pressing issue is that the employees lack the necessary skill set for digitalization. This is the case for around 60 percent of companies that already have committees and employees to digitalize the finance function, and for 68 percent of companies that do not.

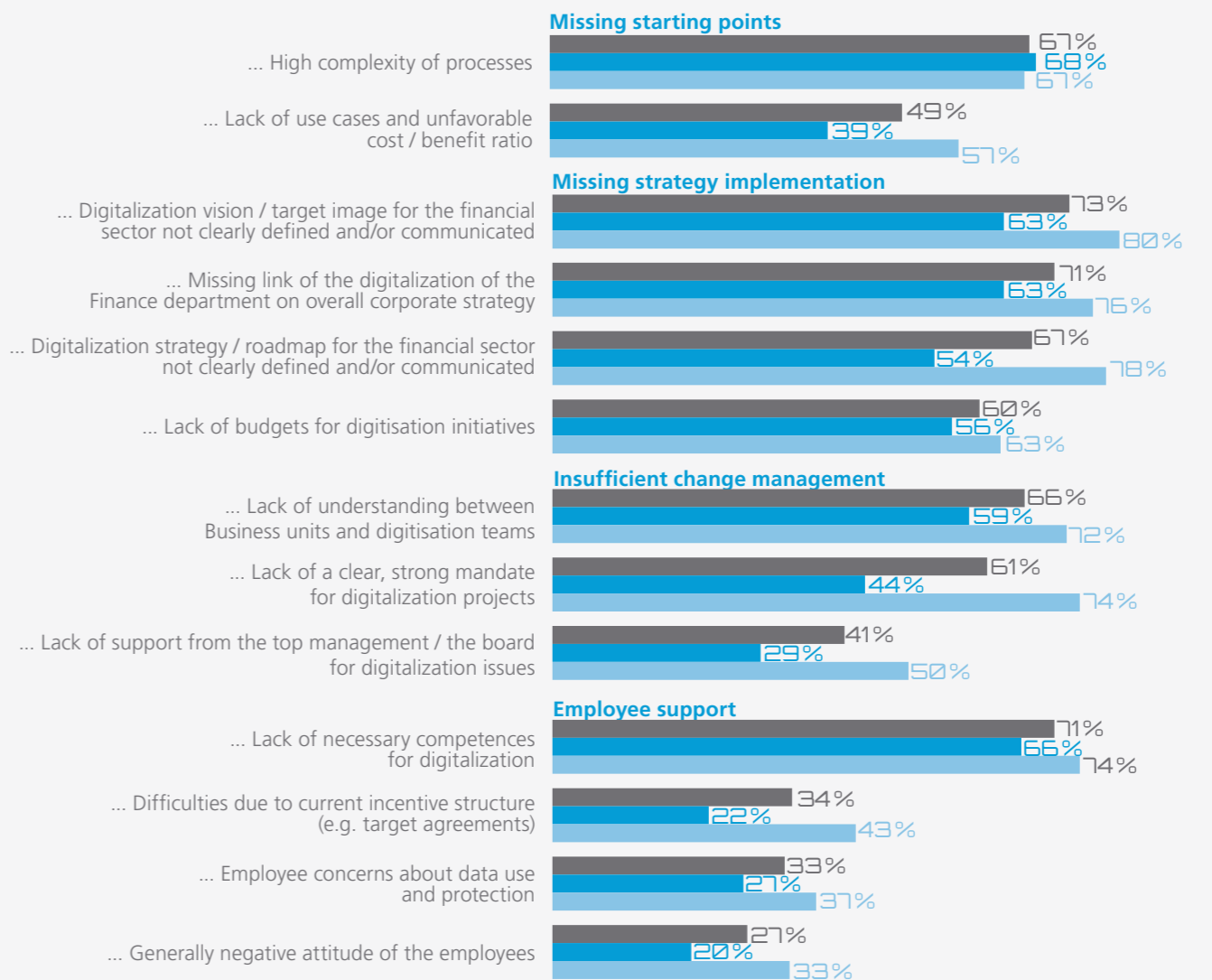
In general, it can be highlighted that companies without existing organizational structures for digitalization of the finance function always attach greater importance to the factors analyzed with regard to the complications of digitalization. This suggests that existing organizational structures and initiatives for digitalization take into account – at least in rudimentary fashion – the specified factors (cf. Fig. 10) and can demonstrate some initial success in terms of strategy implementation, use cases, change management and employee involvement.

#### Recommended Action

- Establish committees that systematically monitor, control and make decisions on the progress of digital initiatives
- Link digital initiatives to a digital strategy within the finance function
- Form employee groups with the primary objective of digitalizing the finance function
- Involve employees through consistent change management

### Which of the following aspects make the digitalization of the financial sector in your company particularly difficult?

Positive answers / N = 95



Split according to the presence of dedicated employees / boards

■ all ■ yes ■ no

Figure 10: Obstacles to the digitalization of the financial sector Organization / Management of digitalization II

## 4.5 Consequences of Digitalization

**The role of the finance function is continuing to evolve toward that of an internal strategic advisor. Traditional tasks such as accounting or pure data collection are shifting into the background and are becoming highly automated and organized in a more streamlined way thanks to digitalization.**

The consequences of digitalization are far-reaching for the finance function. They include the use of new technologies, new organizational structures and process organizations, and new employee skills profiles. The finance function's responsibility is evolving toward an advisory role that takes on complex strategic decisions and process optimization. This development is driven by how senior management sees its role, which is predominantly as an entrepreneur in the company, with the corresponding skills in the area of leadership, management and technology.

Accounting, data management and financial planning and control are the areas most affected by digitalization initiatives. In these areas, processes are stable and tasks are repeated regularly. These areas are therefore ideal for the use of automation technologies. The more unique the tasks become, the more difficult it becomes to use digital technologies, which can have a disruptive effect in these areas. This is underlined by the result in Figure 11, which shows a significantly lower impact of digitalization for the audit, taxes and customs duties and investor relations areas than for the remaining areas.

Since new technologies and technological developments are one of the main drivers of digitalization, the finance function cannot escape this influence. The development and implementation of new IT solutions will play an important role in the future among the tasks of the finance function. More than three quarters of the companies surveyed envisage this range of tasks for their finance function. Considering the need to achieve the set efficiency and effectiveness objectives and to develop into the role of strategic advisor, this is understandable. Extensive data analysis options are particularly necessary when

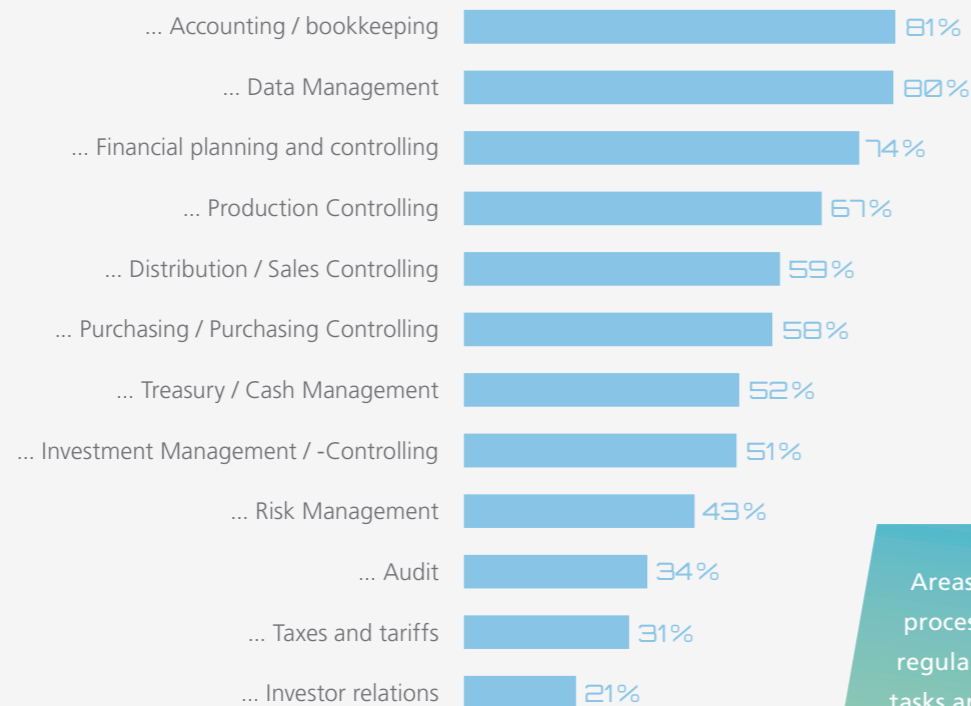
it comes to developing the skills for providing information that is relevant to decision-making; these options, in turn, require appropriate IT solutions. Despite a stronger focus on complex issues, the finance function still sees itself as being responsible for answering all financial questions. Only slightly more than a third of the companies believe that less complex questions can also be answered outside the finance function. Closely connected with the growing responsibility for implementing new IT solutions is the expansion of the role as an internal advisory function. This is mainly about supporting decision-makers with relevant information to aid decision-making and as a sparring partner in the decision-making process. In this function, the finance function acts as a guardian of value creation with three main tasks. The first is to manage increasing volatility in the markets and to manage the increasing complexity of business processes. The finance function must also achieve cost advantages over the competition and ultimately design digital strategies, thus closing the circle with its role in the context of IT implementation. At 74 percent, the majority of companies envisage this change in the finance function and a development toward an advisory function (cf. Fig. 12). Although the

finance function must increasingly deal with IT issues and IT solutions, or IT and finance are moving much closer together, only a quarter of the respondents envisage a fusion of the two functions as part of their ongoing digitalization process.

With the introduction of new IT solutions, the finance function will become leaner overall with the same or a higher performance level. A major driver of this development is the significant influence of digitalization in the areas of bookkeeping / accounting and data management. In these areas, a higher degree of automation is displacing manual activities and replacing them with IT solutions. This is accompanied by a shift toward more advisory and analytical tasks in these areas. Of the companies surveyed, two thirds envisage a corresponding streamlining of their finance function.

### Which of the subsequent financial processes in your company will be particularly affected by planned digitalization measures?

Positive answers / N = 106

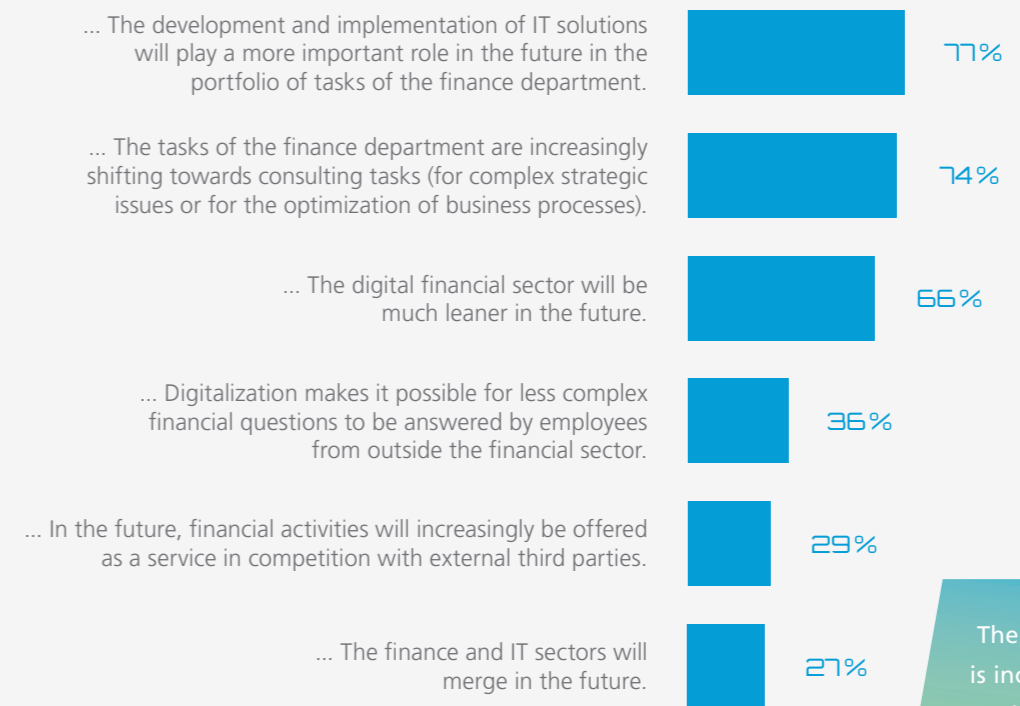


Areas with stable processes and regularly recurring tasks are preferably suited for the use of automation technologies.

Figure 11: Areas affected by digitalization  
Consequences of digitalization I

### To what extent do you agree with the following statements regarding the development of the financial sector in your company?

Positive answers / N = 95

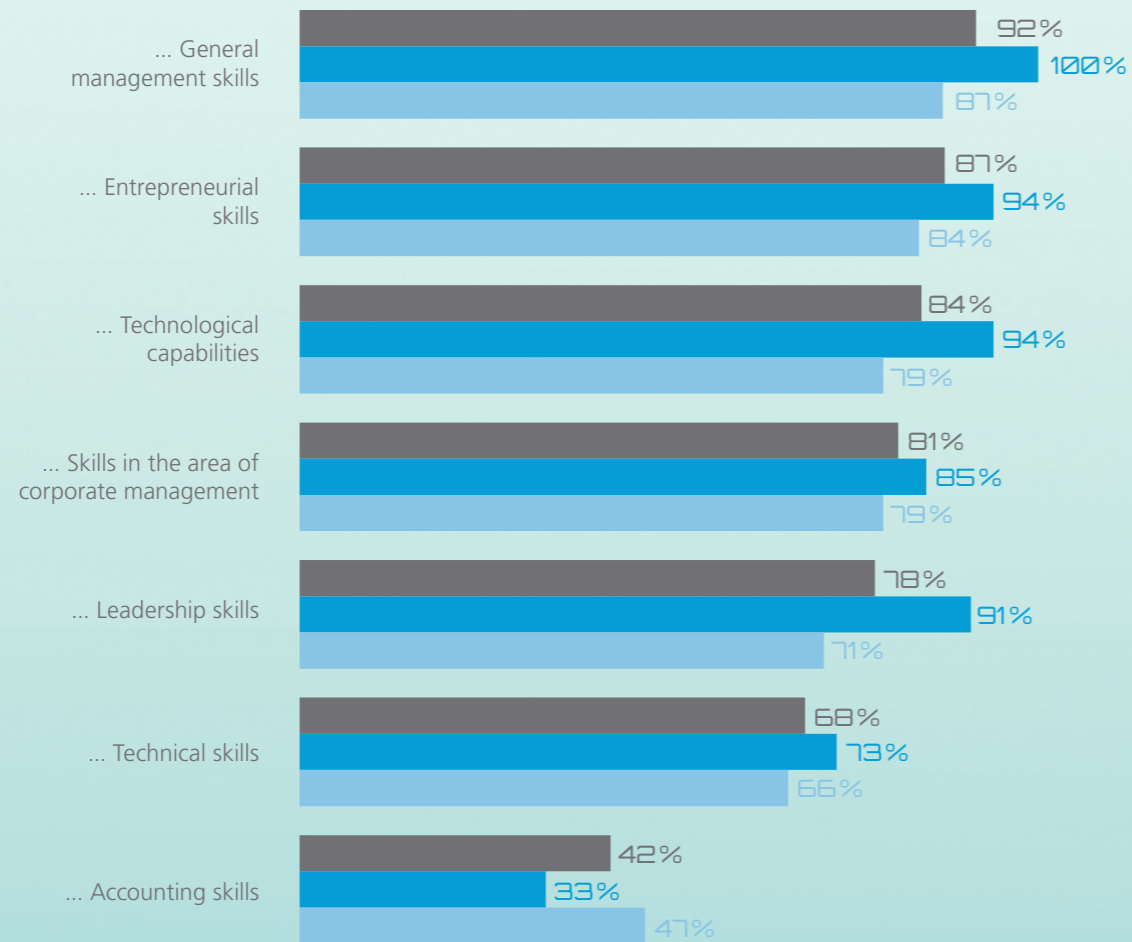


The financial sector is increasingly moving towards advisory tasks.

Figure 12: Development of the finance function through digitalization  
Consequences of digitalization II

## How will the importance of subsequent skills for CFOs change in the future?

Positive answers / N = 95



**Split by importance  
Effectiveness targets\***

■ all ■ high ■ low

\*Effectiveness: value contribution / decision support / flexibility

**Management and leadership skills** are becoming more important for CFOs, while accounting skills lose their significance.

Development is even stronger in companies that place greater emphasis on effectiveness targets in the context of digitalization.

In a highly volatile economic environment and in the face of intensified global competition, CFOs must address three key challenges: better cost control while focusing on new growth, and an ever-increasing focus on sustainability. This means CFOs must spend more and more time on strategic planning and management initiatives. At the same time, a constant focus on the fundamentals of accounting and controlling is required in order to respond to cost pressure, tighter regulation and growing transparency requirements. What requirements do managers in the finance function believe they need to meet in this context and in the context of digitalization?

In terms of developing the role of the CFO, management and leadership tasks are becoming increasingly important, while accounting skills are becoming less important. It is clear that the development described above is considered even more significant when companies put greater emphasis on effectiveness objectives in the context of digitalization of the finance function (cf. Fig. 13).

As the finance function aligns itself toward effectiveness, i.e. securing the company's value proposition, providing decision-making support for management and having the flexibility to respond appropriately to changed framework conditions, the CFO's understanding of the role is also changing. As an entrepreneur in the company, the CFO is moving further toward a strategic position and, together with the finance organization, becoming the guardian of value creation.

Digitalization is also leaving a clear mark on the finance function. There are few areas that will see little to no effect, and employees and managers in particular are undergoing a major change. This is being triggered by a changed role description and the associated need to acquire new skills or further develop existing ones.

**Recommended Action**

- Link personnel development and acquisition with the changed role definition
- Establish the technical framework conditions to fulfill the new range of tasks
- Develop the necessary specialist and methodology expertise in relation to the new role description

Figure 13: Future skills of the CFO  
Consequences of digitalization III



# Conclusion

The digitalization of the finance organization represents a major challenge. However, it is also an opportunity for the finance organization to focus more on value-creating activities and establish itself as a partner to management in an advisory capacity. The finance organization should actively seize this opportunity in order to gain importance and not, as is feared by some, to lose it.

The study shows a maturity level that is low on average and highlights major challenges with regard to digitalization of the finance function. However, there are also major differences: Companies with a clear digitalization strategy or vision, as well as dedicated decision-making committees or employees for digitalization, can better meet and benefit from the challenges of digitalization. At the same time, however, the study also shows that around half of the companies surveyed still do not have a clear digitalization strategy or vision, or clear decision-making committees.

In addition to a lack of strategy implementation and insufficient change management, a lack of starting points are complicating the progress of digitalization. More than half of the companies surveyed see process complexity and a lack of use cases as a major challenge. A lack of employee support or even

a generally negative attitude among employees is observed only by a few companies.

The view that digitalization will bring about a major change in the finance function and future CFOs is shared by an overwhelming majority. While both controlling and accounting are heavily affected by digitalization, it is also clear that leadership and strategy skills will become increasingly important. Specific skills in the area of accounting will play only a minor role, at least for future CFOs.

Three central recommended actions can be derived from the results. First, the technical and process-related conditions for digitalization must be established through standardization and harmonization. Second, a specific digitalization strategy must be developed for the finance organization. And third, finance organizations should undergo change with regard to their composition and the necessary skills and become more entrepreneurial.

In this way, the finance function can successfully master the digitalization process and bring the resulting benefits into the whole company while adding value.



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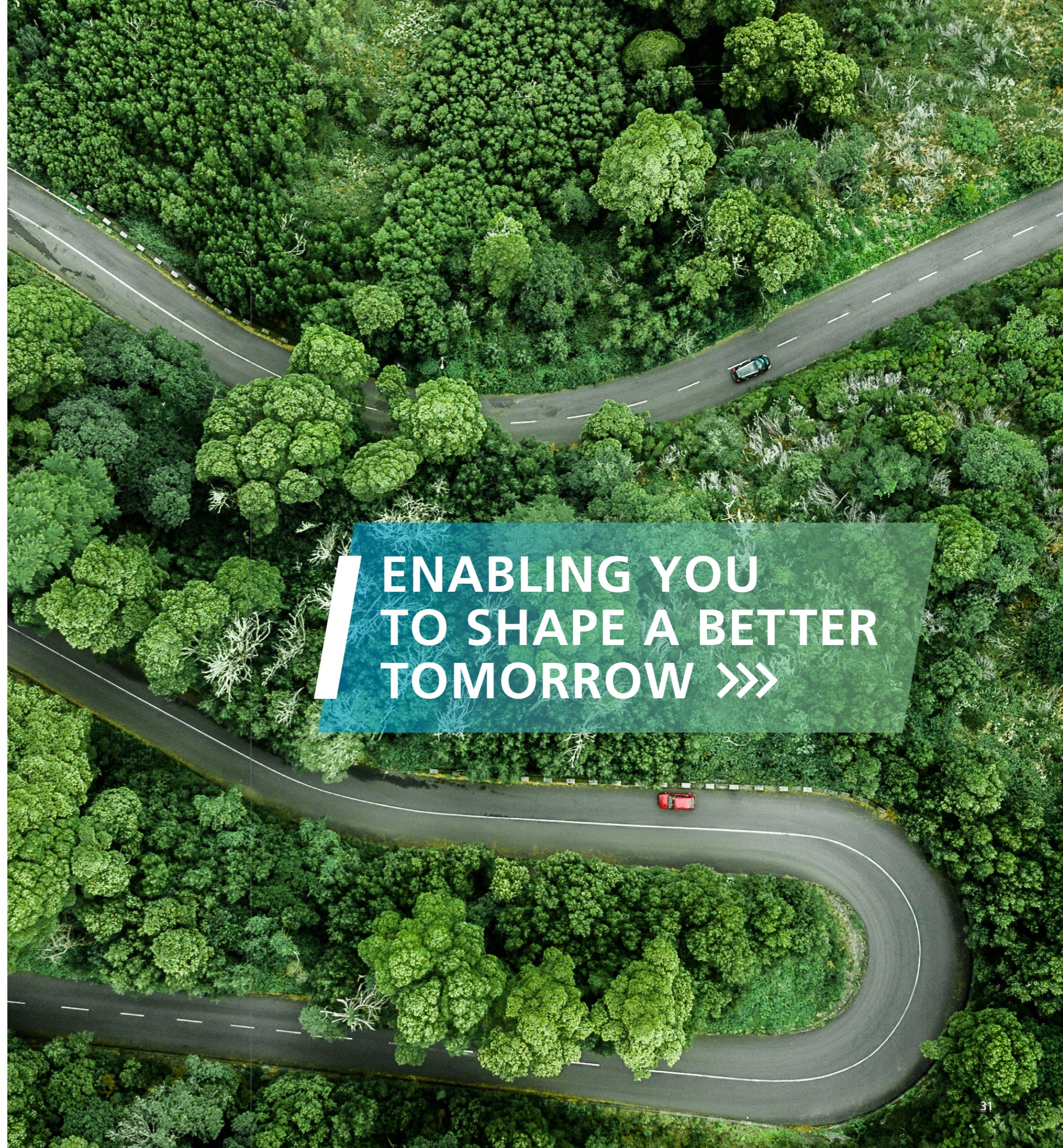
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