

Digital is an exciting opportunity for FDs and it is important that this group of decision-makers leads the digital charge. Finance leaders have come a long way in establishing their role as a strategic partner to the business and the CEO's senior leader in the C-suite. Digital is a chance to advance the strategic role of the FD to the next level.

Five priority actions for the FD as digital decision-maker to consider

- 1** Assess skills and talent gaps in big data and analytics capability, to make the finance function the go-to team for organisation-wide business intelligence.
- 2** Perform risk assessment for digital, from cyber-security to reputational risk.
- 3** Launch a strategic planning exercise for digital technology investments, clarifying organisation-wide spend and avoiding duplication of effort/investment.
- 4** Conduct diagnostics to pinpoint where digital can transform the commercial functions.
- 5** Undertake reviews of service and product catalogues to understand where value is being created – or destroyed – and where digital investment could be a real game-changer.

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Investing in Digital

Is the finance director the new digital decision-maker?

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Digital technologies change the rules of the game

Digital innovation is transforming many businesses around the globe. Companies are employing digital innovations to reinvent customer experiences, optimise the supply chain, break down internal barriers to collaboration – and ultimately to drive profitable growth by targeting new markets.

Digital platforms are reconfiguring business models, paving the way for new areas of established growth and disrupting the established status quo. New competitors can now sweep into the market with speed and agility – rewrite the accepted rules of a sector and grab competitive advantage – and traditional companies can transform their business models.

For example, in 2012, Argos announced its decision to move to a digital-retailer strategy. By the end of 2013, the company's results showed that the Internet accounted for nearly half the total Argos sales (*Home Retail Group, Interim Management Statement, January 2014*) and research by Experian placed argos.co.uk as the second most-visited retail site on mobile Internet in the UK in 2013. In contrast, the many defunct Blockbuster stores on our high streets are a stark reminder of what can happen if you fail to mount a coherent response.



Digital UK: Technology Leadership Creates Beautiful Results for DCS Group

DCS Group is one of the largest privately owned distributor of household, health & beauty products in Europe. A Sunday Times Top track 250 company, it is official distributor for renowned organisations that include P&G, Gillette, Unilever, Colgate and L'Oréal. At DCS, state-of-the-art technology does more than just drive the core business. Founder and CEO Denys Shortt OBE has even developed his own stand-alone software. One example is Deal Track, a solution that helps suppliers and customers manage complex trading agreements involving retrospective payments, such as rebates, retrospective discounts, royalties, purchase income and back margin. Denys Shortt is a firm believer in technology innovation, telling us:

"It's vital that any CEO in the digital world embraces new technology and maximises its abilities to not only automate, but to anticipate. Like many things technology innovation needs to be driven from the top down. Whilst there can be a single 'owner', the board as a whole must have a clear strategy on technology and drive it hard."

The UK needs to seize the digital prize

UK businesses should utilise digital to identify new sources of growth, raise productivity levels through smarter working, and build a balanced economy that is competitive on the world stage.

It is already clear that many companies are finding it difficult to create the right framework to govern when, where and how they invest in digital. Data collated from a YouGov poll of close to 600 UK companies tells us that 'lack of investment' is one of the top two barriers to developing digital strategy and capability. In addition, the poll respondents are looking straight at the Finance Director (FD) to take the lead in securing value from digital. Specifically, they want the FD to test the business case for digital investments. They also want the FD to measure digital ROI.

The FD should become the digital decision-maker



The digital requirement of finance leaders is a critical one. In summary, how do we develop a coherent, long-term digital investment strategy, and then measure the effectiveness of those investments?

This is clearly the natural domain of the FD. In fact, digital plays to the objectives of the FD across a whole range of areas: profitable growth, fiscal discipline, effective management information and strategic decision-making, and risk management.

Today's finance leaders should consider utilising digital innovations in a range of areas:

- Assess where digital strategy can drive the profitable growth agenda: map digital investments against business strategy to understand gaps and conflicts and identify new growth opportunities and markets.
- Drive efficiency across the business: conduct assessments to identify opportunities to take cost out of the finance function itself, as well as working with the CEO and operational colleagues to identify and deliver cost reductions.
- Manage organisation-wide risk: analyse threats to the business from digital innovations and the implications of inaction in the face of digital disruptions, as well as building a comprehensive picture of specific exposures from cyber risk.