In just a short period of time, COVID-19 has had a profound change on our social and professional lives, forcing us to quickly adopt new social norms and further embrace technology. In perhaps the most common example, a recent survey by Gordon Haskett indicated that one in three Americans bought food online during the pandemic; for 41% of this group it was their first online food purchase. With these changing behaviors, companies that invested in digital transformation have benefited from their ability to digitize end-to-end processes such as order processing, supply chain and accounting, thereby capitalizing in this uncertain time.

Embracing digital transformation has been crucial for organizations to survive and endure COVID-19, and a continued focus on embracing technology will allow them to thrive post-COVID-19. The finance organization has emerged as a driving force of this transformation, and CFOs are often leading digital transformation initiatives by serving as first movers of digital solutions and working with functional leads to quantify the benefits and demonstrate potential cost savings or efficiency gains.

Finance may also have the best understanding of what level of digitization will work best with the company’s current operating model, or if the current operating model needs to be changed to optimize the use of technology. What’s clear is that digital transformation is relevant both for companies that are struggling to maintain operations and for those that display healthy financials. This point is demonstrated via four finance-led case studies across a variety of industries.
Digital transformation is a business imperative across industries

COVID-19 has presented organizations with unprecedented challenges that have caused some to accelerate use of digital solutions and others to rethink how digital solutions can optimize their operations, increase employee engagement and productivity, and provide a better customer experience. Across industries, companies are finding that a well-defined digital strategy will consistently outperform traditional operating models.

For CFOs and finance leaders, COVID-19 presents an opportunity to leverage digital solutions in order to mitigate the adverse economic impacts of the pandemic. CFOs can use the following framework to adopt digital solutions in finance and provide real-world case studies to describe these strategies in action.

Digital Finance Framework

Periods of disruption highlight and amplify business vulnerabilities. CFOs and finance leaders must safeguard the business while anticipating changing trends, addressing market volatility and establishing long-term financial and operational resilience across the business.

By embracing digital capabilities and upskilling, CFOs can help insulate their businesses from disruption and allow the finance function to operate at a high level, even in a remote environment. The digital finance framework brings together operations, insights and analytics, systems and architecture, and the stakeholder experience.

TECHNOLOGY LEVERS

- **Digital Operations**
  - Smart Automation
  - Edge Automation
  - Integrated Processes

- **Insights & Analytics**
  - Preventive Insights
  - Visualizations/Dashboards
  - Predictive Modeling

- **Stakeholder Experience**
  - Finance Microprocesses
  - Mobility & Access
  - External Stakeholder Portals

- **Digital Foundation**
  - Microservices & APIs
  - SaaS Finance Platforms
  - Digitalization (OCR/ICR)
Finance-led Digital Case Studies

The following finance-led case studies further illustrate the value of embracing a digital strategy.

**End-to-End Revenue Cycle Digitalization** (Industry: Healthcare)

**Situation:** A medical services company sought to digitize a labor-intensive revenue cycle, from contract to collections, related to stipend contracts with hospitals.

**Approach and Impact:** The company implemented a cloud-based contract management solution with mobile capabilities to digitize contracts and provide remote access to managers. The technology-enabled, end-to-end process eliminated the need for manual intervention to generate and distribute invoices to hospitals, which also resulted in timely and insightful reporting to identify and address potential revenue leakage situations (e.g., proactive price escalation and identification of under/over utilization situations). Physicians were also given the ability to submit their “time sheets” through a mobile app, eliminating the archaic and tedious process of submitting them by fax, e-mail or a handwritten note. The transformation from a paper-based process to a digitally enabled process enabled healthcare professionals to efficiently capture revenue and facilitate remote operations. The new process has also enabled the company to address its employee turnover issue and run more efficiently.

“Digitizing contracts and time entry has provided the necessary controls around revenue leakage, as well as the foundation for creating real-time analytics.”

– Hector Barletta, Managing Director

**Operating Model Optimization Through Automation** (Industry: Retail)

**Situation:** A business process outsourcing services company in the retail industry struggled with validating retailer payment deductions on behalf of some of the largest manufacturers of goods in the United States. The company operates dozens of centers where labor-intensive and highly customized processes are performed. With a significant amount of paper flowing through a complicated set of steps and stakeholders, the company grappled with an overreliance on “tribal knowledge” to complete the process. In addition, the current operating model created disproportionate labor, real estate and non-headcount costs.

**Approach and Impact:** The company quickly identified a Robotic Process Automation (RPA) solution and successfully piloted it on one of their processes, solidifying the business case for full implementation, including an estimated $7 million in annual savings. The company first automated the payment deduction process with one of its largest customers, with the intent to scale the solution. Next, the company incorporated “intelligent” Optical Character Recognition (OCR) to address the variability of inputs and assist with validation. Finally, the company used this instance as the blueprint to automate variations of this process for other customers. Through this automation effort, the company is now revising its operating model to include the consolidation of processing centers into regional clusters to further drive standardization, the optimization of its organizational structure (spans and layers), the lowering of its real estate costs and the retooling of resources to be leaner and more analytical. The company has continued to mitigate business disruption during the COVID-19 pandemic with the use of these tools.

“Investment in ‘digital labor’ is transforming the company from Business Process Outsourcer to Business Process Automation provider.”

– Mukesh Shah, Managing Director
Improving DSO Through Automation (Industry: Healthcare)

**Situation:** A medical device manufacturing was experiencing liquidity management challenges due to COVID-19, resulting in an overwhelmed collections team that could not scale and needed to improve its day sales outstanding.

**Approach and Impact:** The company already had a process that it wanted prioritized for automation, and after quickly selecting a vendor, the company developed a “collections bot” to automate customer outreach, send late balance notifications and generate open aging reports. Within three months of going live, the bot reduced DSO by ~15 days, accelerated millions of dollars in collecting late balance payments, and increased customer contact by ~500%. Additionally, the bot was tailored to automatically route customer inquiries or responses to the appropriate collections representative, which resulted in improved relationships, as expressed by multiple customers.

“*Finance has paved the way for embracing Smart Automation across the organization.*”
– Clay Tompkins, Senior Director

Reconfiguring Global Finance to Support Growth (Industry: Technology)

**Situation:** The company is a provider of optoelectronics and advanced electronics solutions to a variety of industries and operates a global and complex collection of “quasi” stand-alone businesses. The organization had grown through multiple global acquisitions, with limited integration and minimal investment in centralizing the back-office. A recent change in ownership combined with an active M&A agenda triggered the need to reconfigure and digitize the finance function to better support the company’s growth agenda.

**Approach and Impact:** The company’s finance function launched a centralization strategy using regional business services centers supported by SAP Central Finance to align transactional resources without modifying legacy systems. As part of this strategy, the company designed a new Global Chart of Accounts (CoA) to produce faster and more reliable financial and management reporting. In addition, BlackLine, a cloud-based software solution, was implemented globally to automate and strengthen the control of the entire financial close process, adding to the company’s digital finance strategy.

“*Digital transformation in Finance continues to be one of the CFO’s top priorities even during COVID-19.*”
– Michael Ovalles, Senior Managing Director
Conclusion

COVID-19 and the associated economic disruption have created significant uncertainty in many industries. For organizations in these industries, the ability to transform using digital solutions — particularly in finance — will not only help endure through the crisis but also provide long-term, sustainable value.

For CFOs and finance leaders can lead their finance organizations by embracing technology such as automation and machine learning to rapidly adapt to disruption and help facilitate growth post-COVID-19. In addition, CFOs of organizations that may already be undertaking digital transformation should leverage technology enablers to strategize and simplify the operating model of the enterprise and achieve even greater value from their digital transformation efforts.

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Footnotes: