

CEE CFO Community Talk 2022

Presentation by **Olga Řehořková**
October 2022



Agenda

1



Keynote speech

Prof. Witold Orłowski

PwC Chief Economic Advisor and former Chief Economist to the President of Poland

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CFO Survey results

Olga Řehořková

Partner PwC Czech Republic, Future of Finance Leader



Monica Movileanu

Partner PwC Romania, CEE Future of Finance Leader

3



Panel Discussion / Q&A

Peter Sivacek

Head of Controlling, Finance and Accounting at E.ON CZ



Martin Stefik

Regional CFO, CEE Multi-Country, Russia, Romania, Greece, Cyprus & Malta



Ewa Woroszył

Group CFO, Blue Media S.A., Autopay World

What is the CFO's role in the current environment?



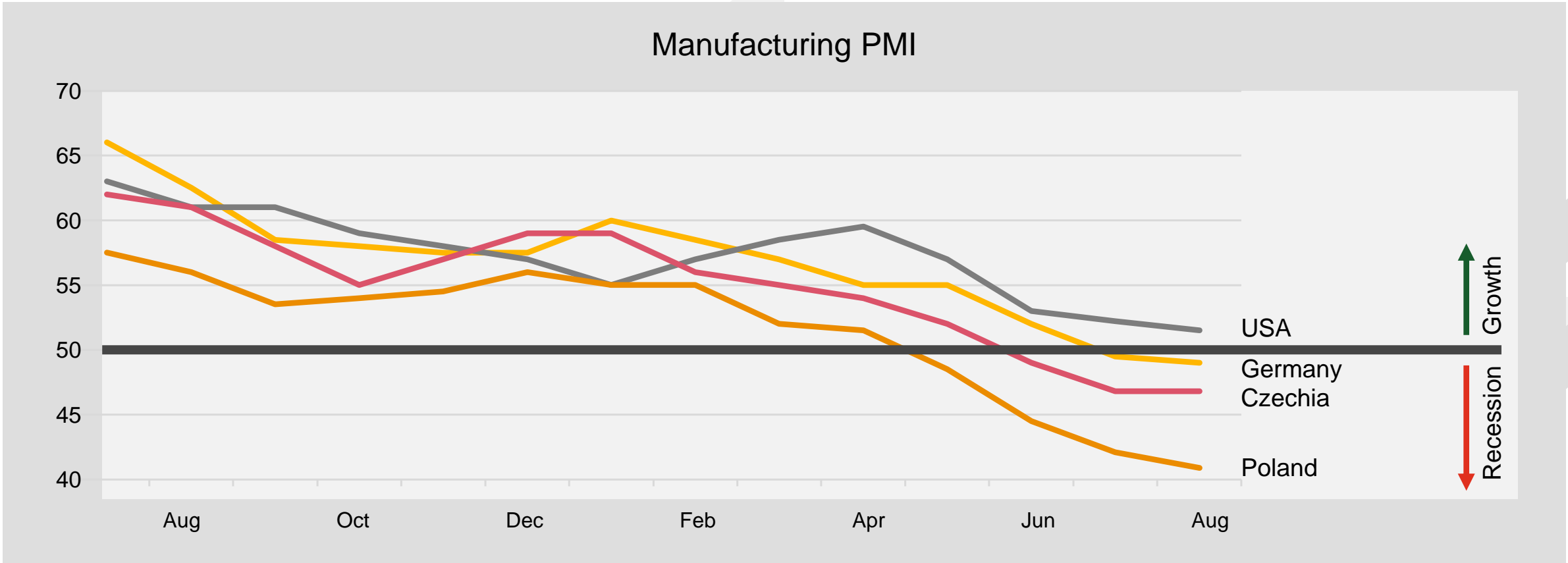
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A Macroeconomic Outlook

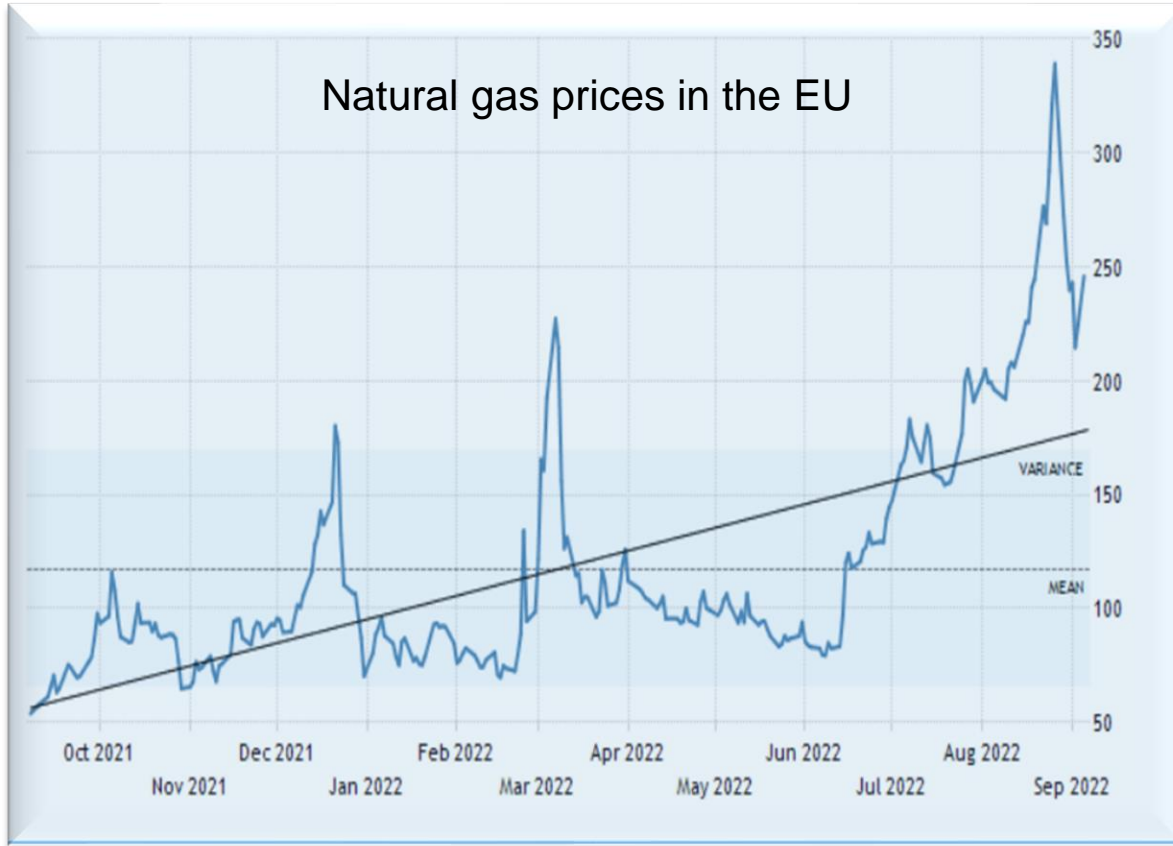
Prof. Witold M. Orłowski
Chief Economic Advisor, PwC Poland



The mood is deteriorating around the world



The effects of war & growing energy prices



For comparison (1-year price increase):

EU natural gas: +339%

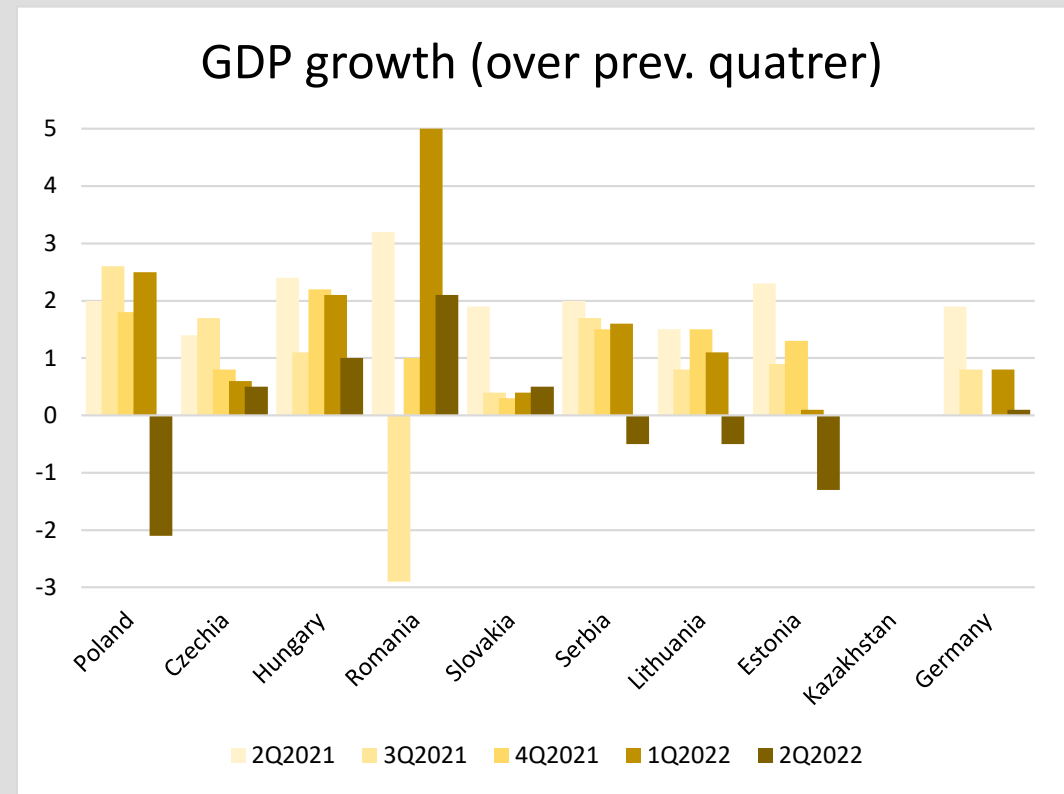
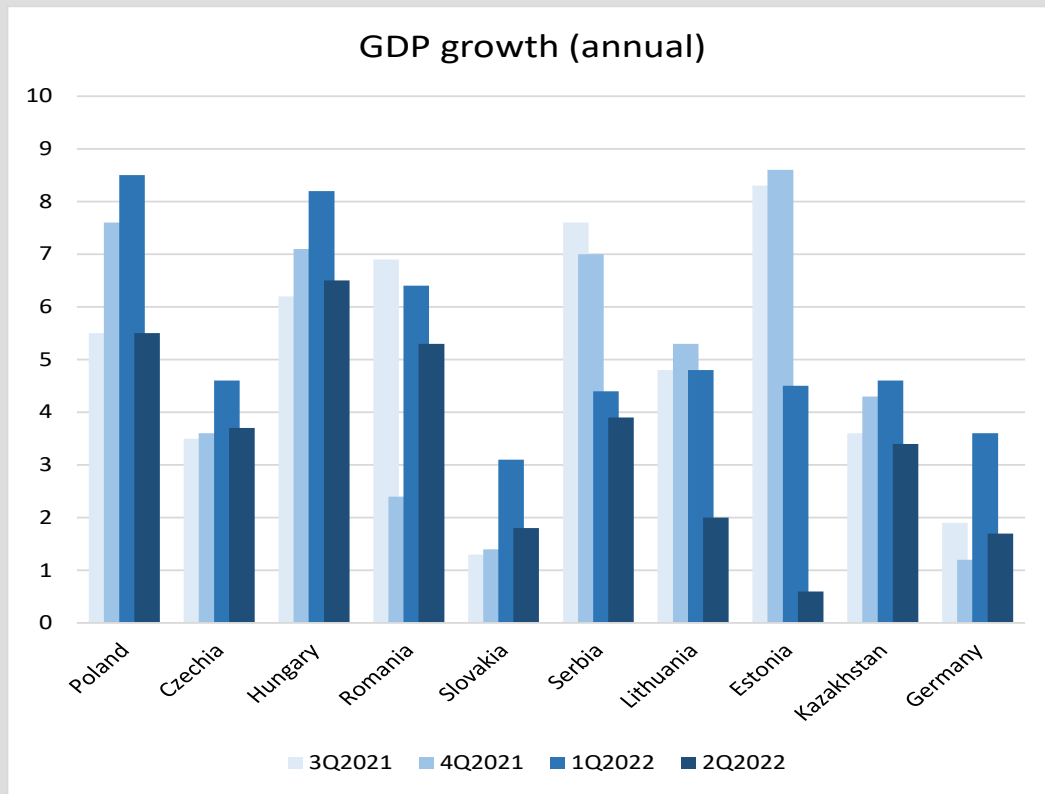
US natural gas: +136%

Oil: +31%

Coal: +147%

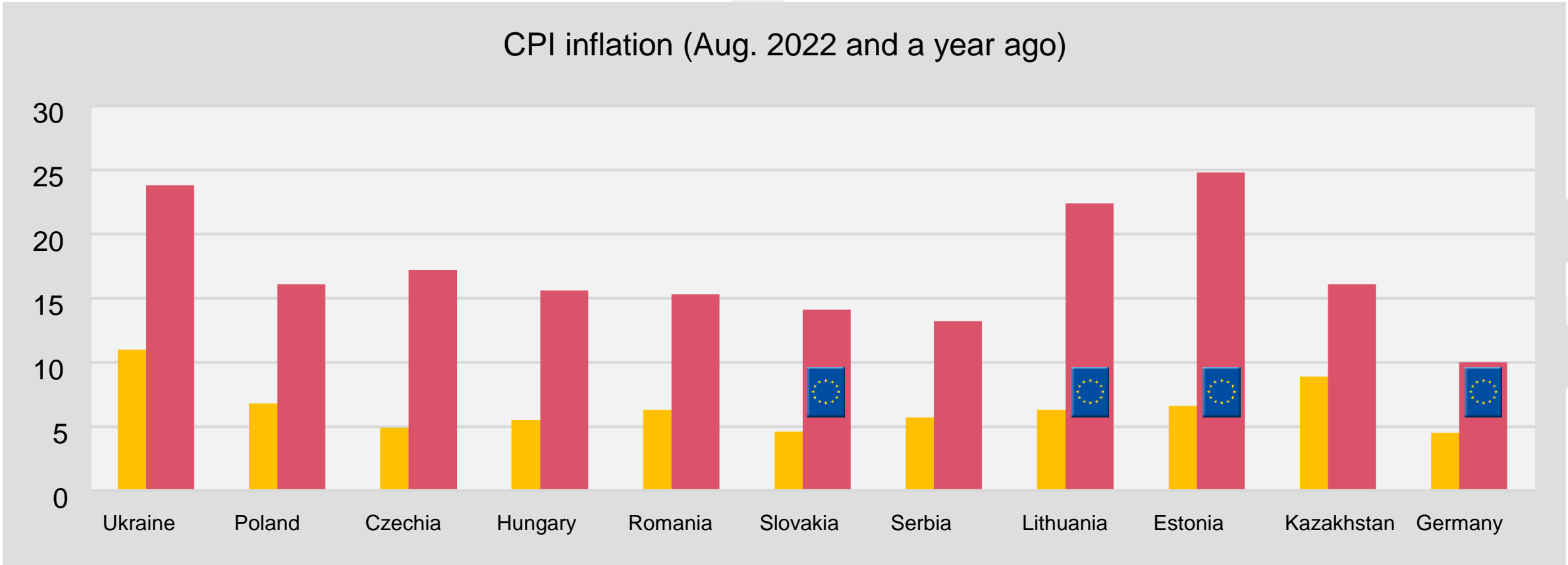
Source: tradingeconomics.com

The region's prospects for growth:

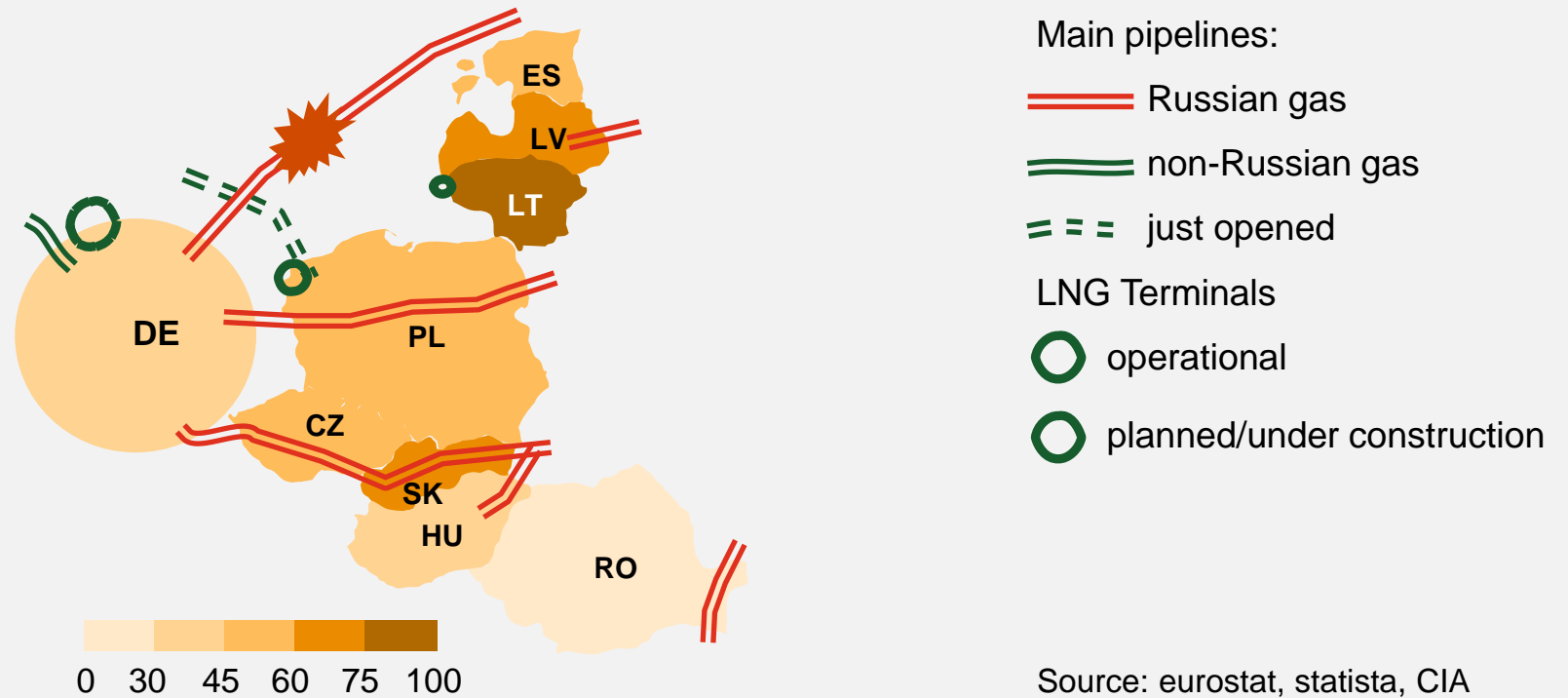


The region's inflation prospects:

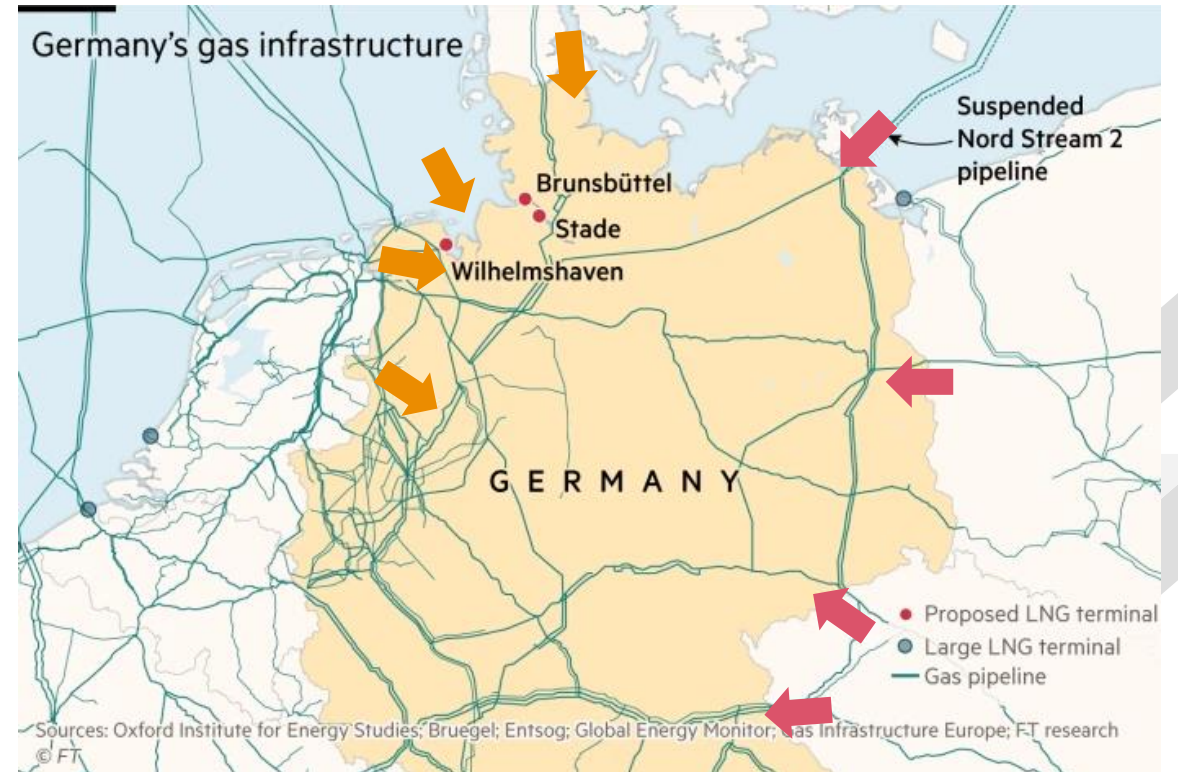
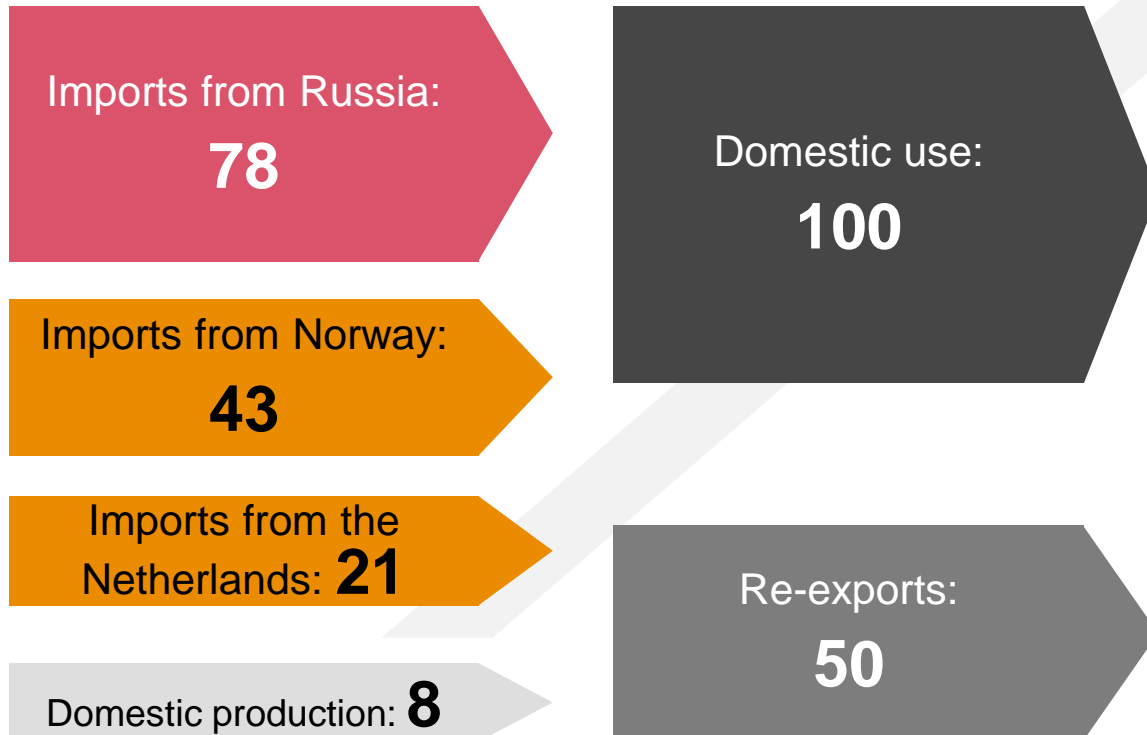
CPI inflation (Aug. 2022 and a year ago)



Will there be enough gas in Europe?



Germany's (and Europe's) gas problem



Total supply in 2021: **150**bn m³

Conclusions

- The magic word: UNCERTAINTY
- Recession ahead
- The scale depends on politics (gas supplies)
- A risk of persistent inflation (less-so in the Eurozone)
- Stagflationary environment for firms
- ...but the scarcity of talent will continue
- Time for 'smart' investment (e.g. IT & AI)
- The new normal?

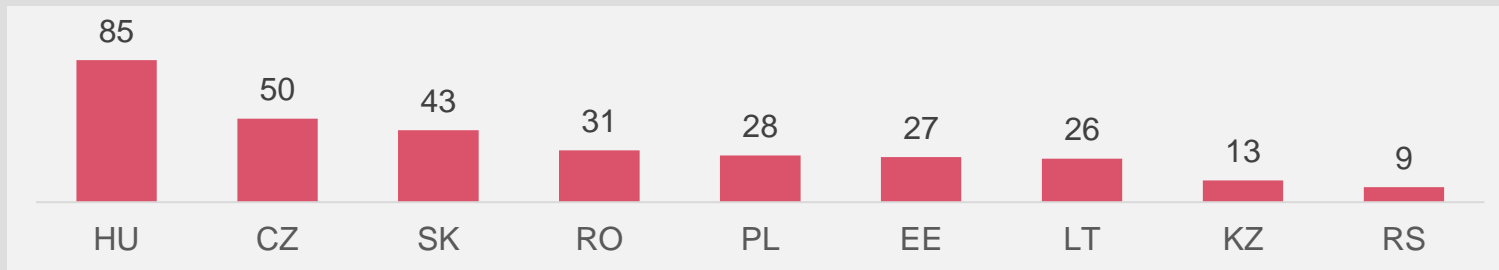


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About the CEE
CFO
Insight Survey

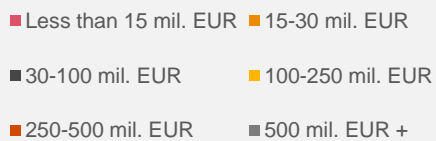
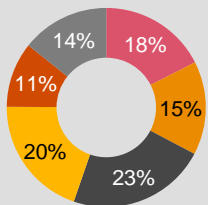


CFO Insight Survey

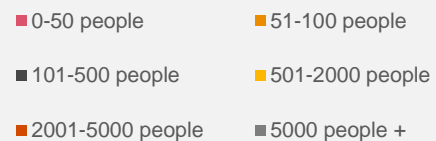
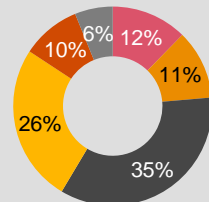


- **9 CEE countries** covered
- **312 CFO** responses
- Conducted **May–August 2022**

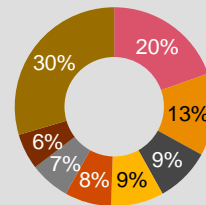
Company turnover



Company employee headcount



Industry



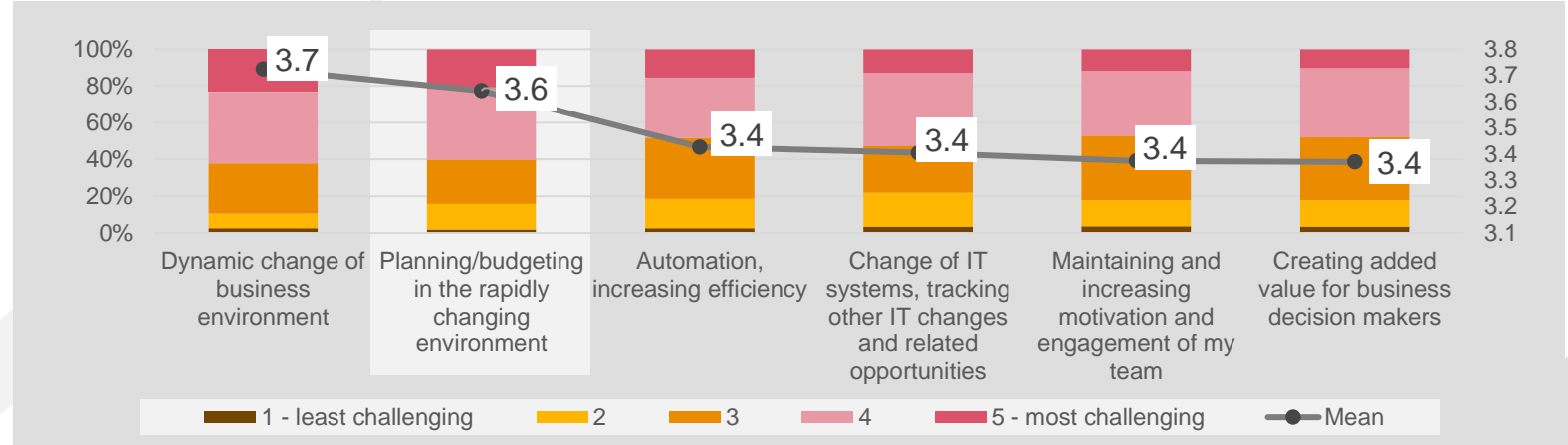
Challenges and Risks in Finance



The biggest CFO challenges

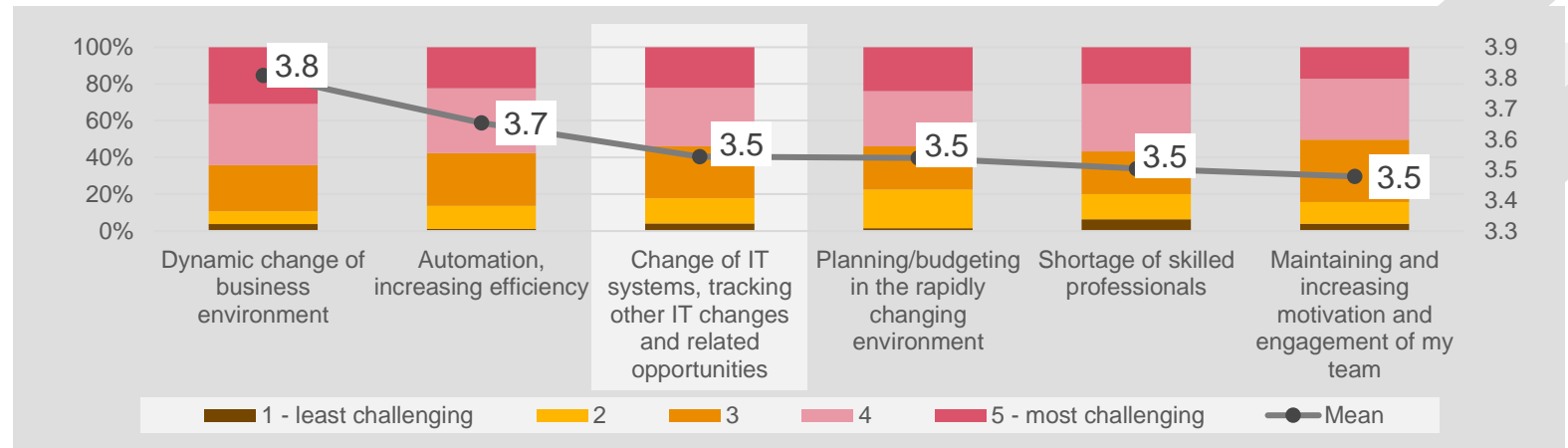
The three biggest challenges for CFOs: the past year

- **Dynamic change** of the business environment
- **Planning/budgeting** in the rapidly changing environment
- **Automation**, increasing efficiency



The three biggest challenges for CFOs: the future

- **Dynamic change** of the business environment
- **Automation**, increasing efficiency
- **Change of IT systems**, tracking other IT changes and related opportunities



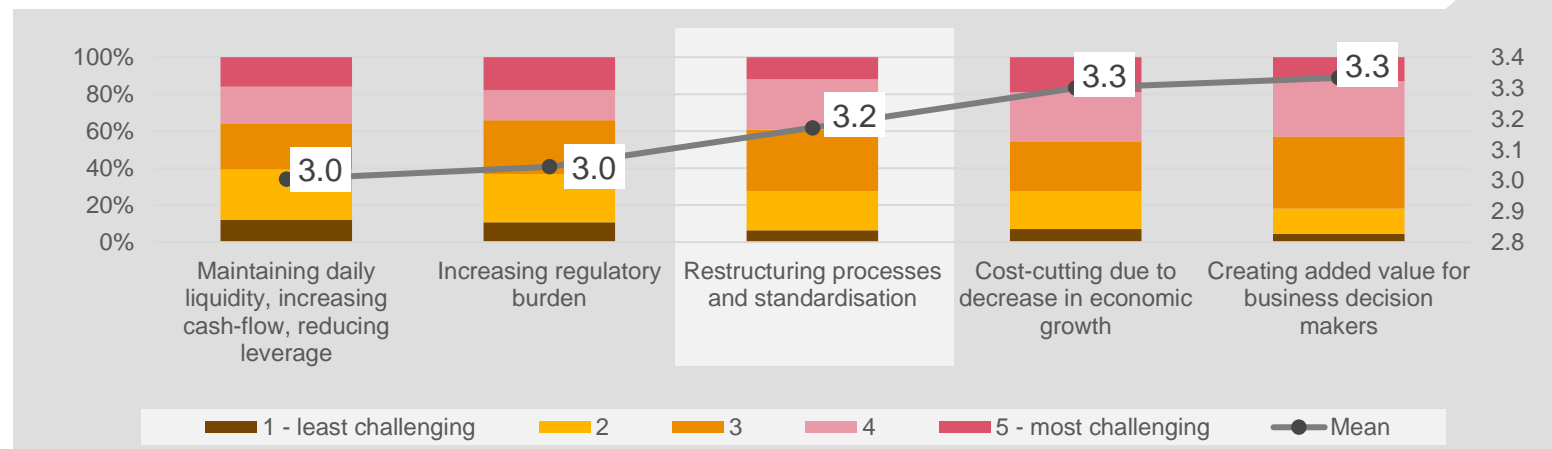
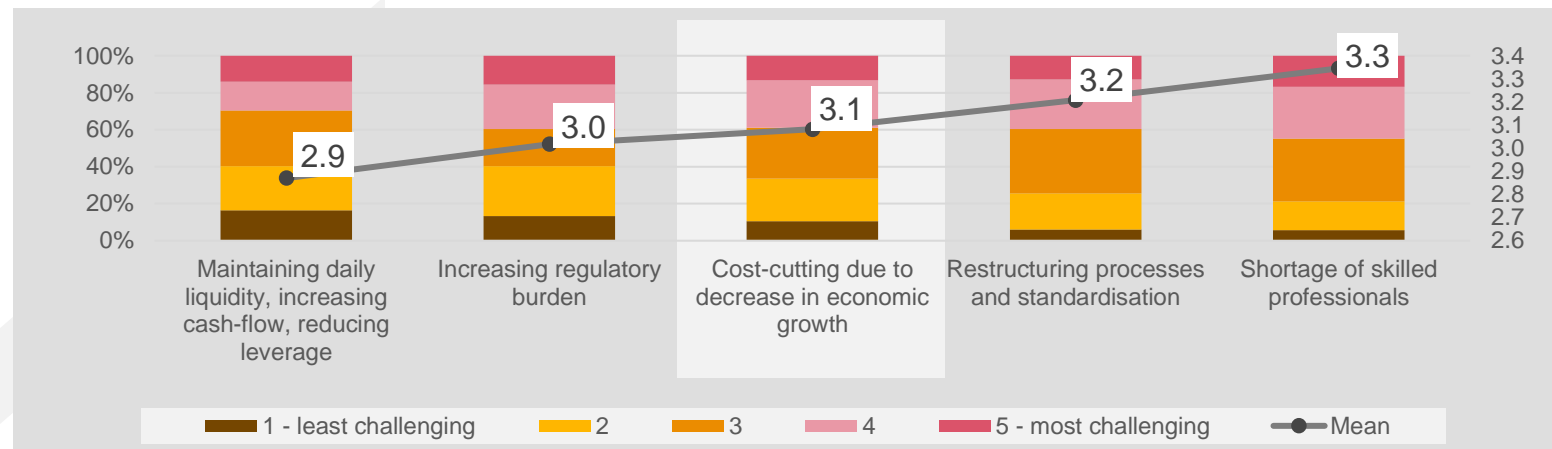
The least important CFO challenges

The three least important challenges for CFOs: the past year

- **Maintaining daily liquidity**, increasing cash-flow, reducing leverage
- **The increasing regulatory burden**
- **Cost-cutting** due to a decrease in economic growth

The three least important challenges for CFOs: the future

- **Maintaining daily liquidity**, increasing cash-flow, reducing leverage
- **The increasing regulatory burden**
- **Restructuring processes** and standardisation

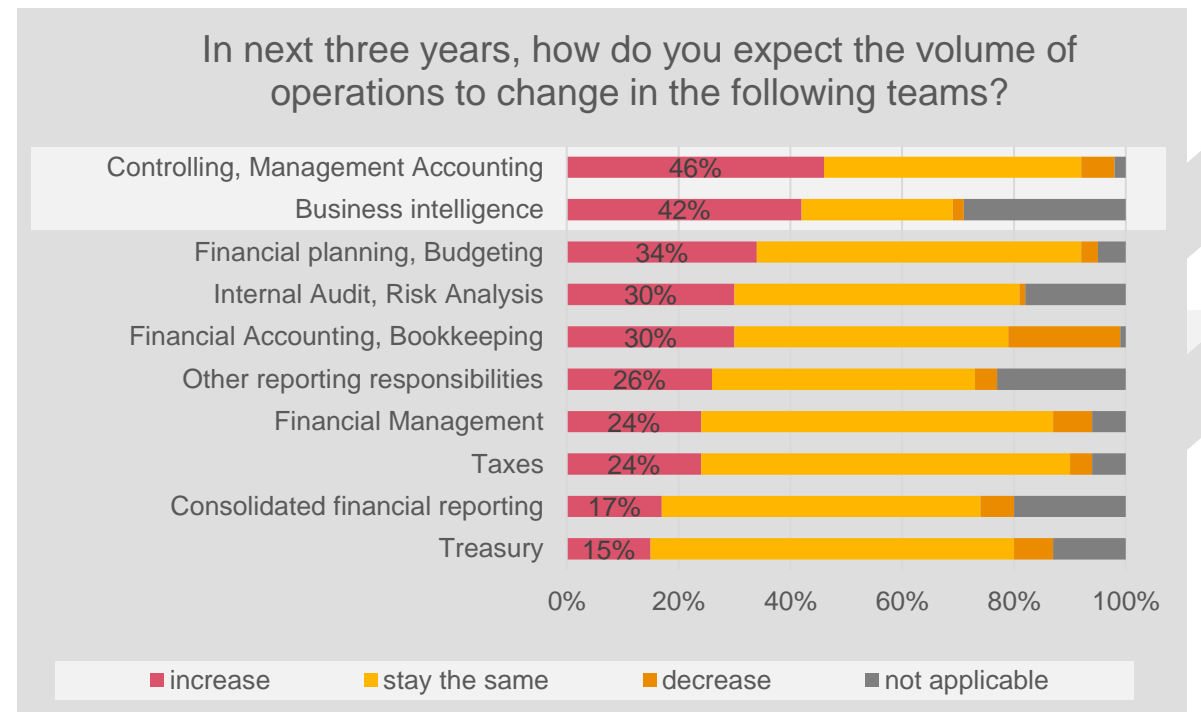
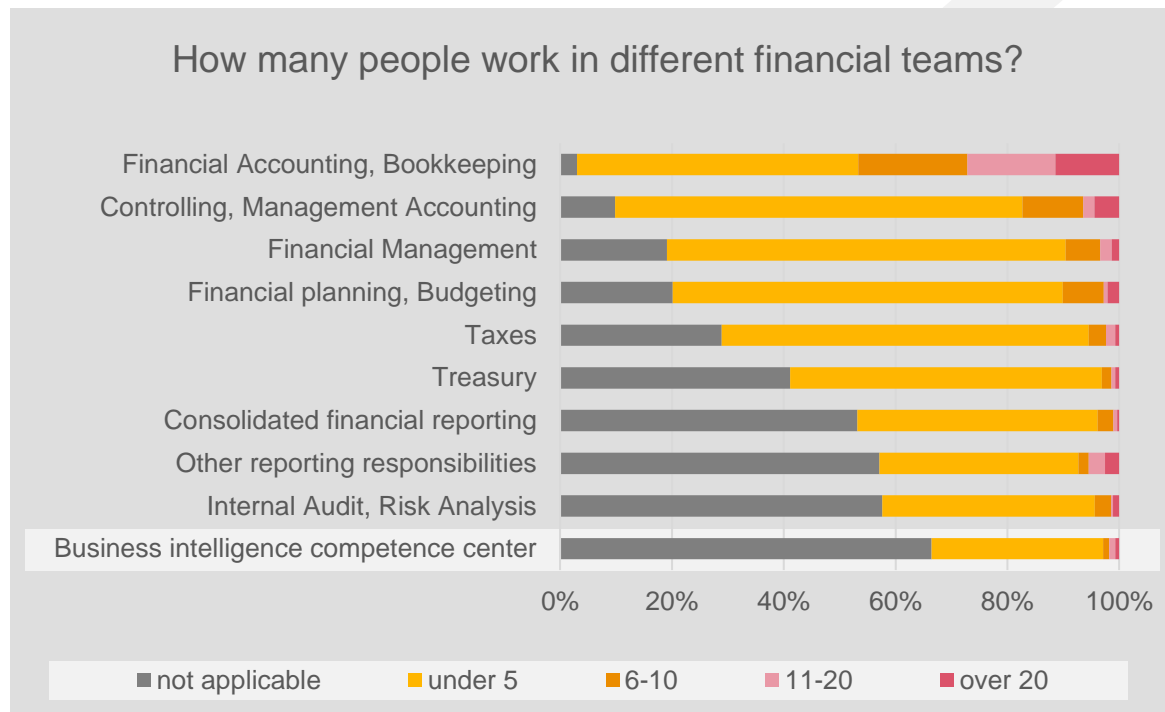


People



Finance team roles / future roles

- Only **34%** of our respondents have **BI competency centre teams** set up.
- More than **40%** of CFOs do believe that the **volume of operations is set to increase in Controlling, Management Accounting and Business Intelligence.**

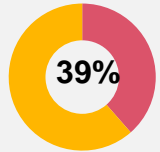


Time spent on tasks

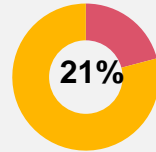
The focus has shifted from data collection to data analysis

Currently

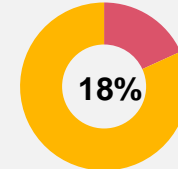
Production, collection, aggregation and processing of data



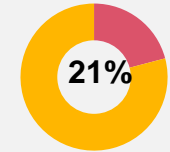
Analysis and visualisation of relationships between different data



Making forecasts based on data



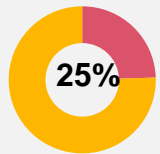
Preparing decision proposals, scenario analyses, providing insights



In five years

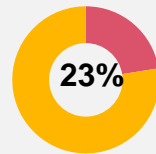
↓ -14%

Production, collection, aggregation and processing of data



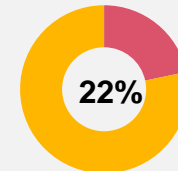
↑ +2%

Analysis and visualisation of relationships between different data



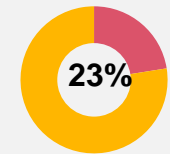
↑ +4%

Making forecasts based on data



↑ +2%

Preparing decision proposals, scenario analyses, providing insights

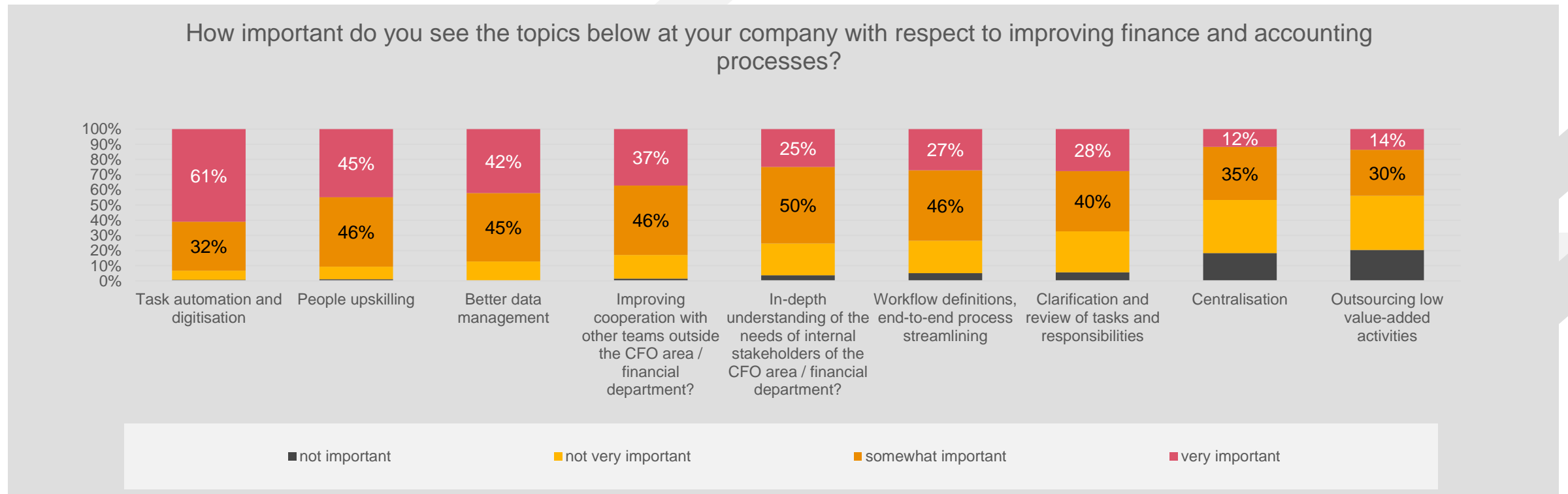


Processes and technologies



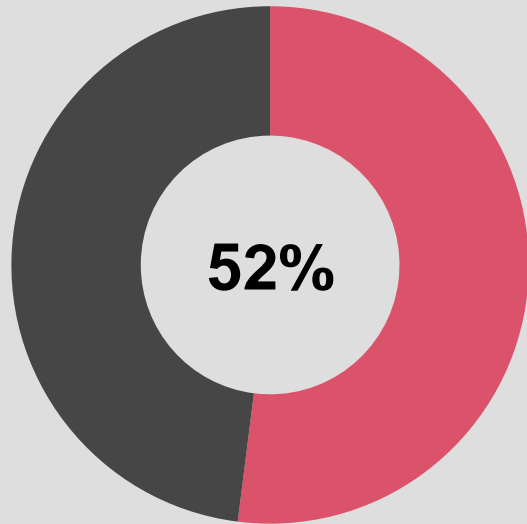
Task automation and digitalisation is the no. 1 topic for improving financial processes

93% of CFOs consider automation and digitalisation an important topic.

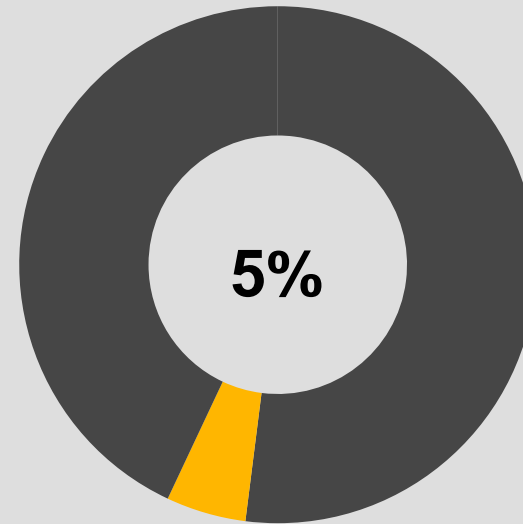


Technology infrastructure

52% of CFOs are dissatisfied



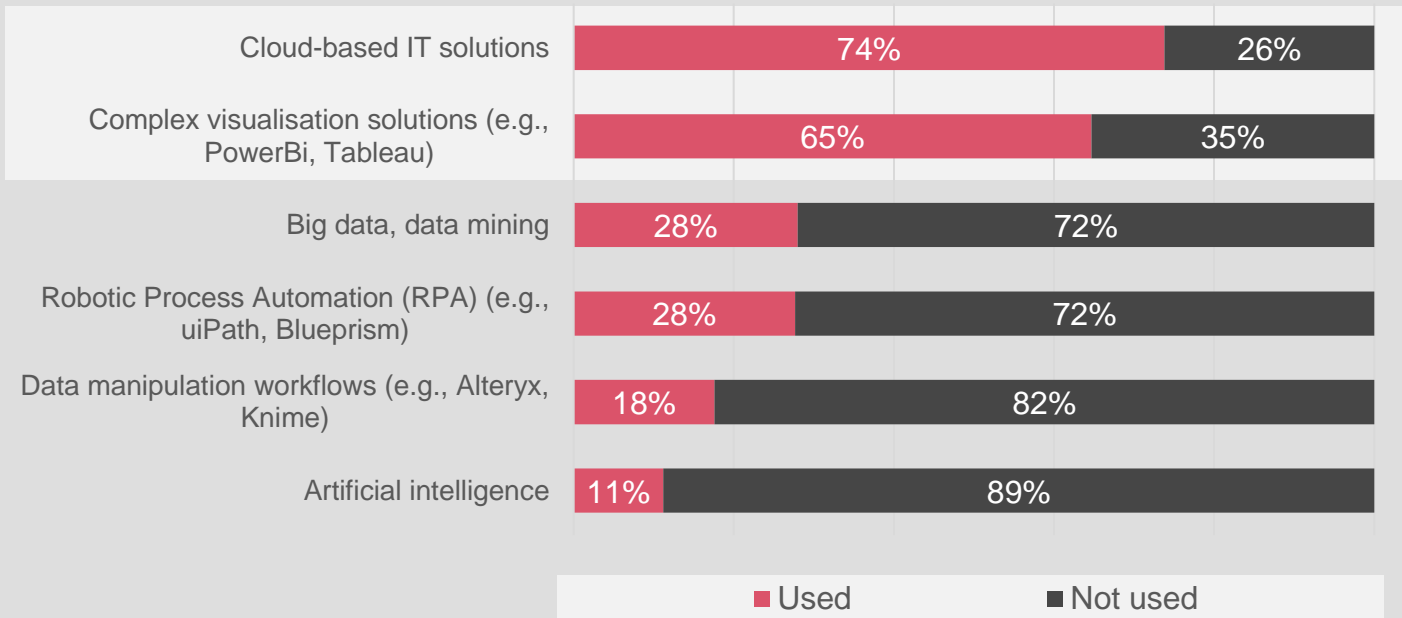
52% of CFOs are not satisfied with the current **data capture processes for budgeting and forecasting.**



Only a minority (5%) of firms have **fully automated processes** using **web-based workflow** and data capture and a central calculation and **consolidation system/warehouse.**

Cloud-based IT solutions and visualisation tools are nowadays regularly used by finance teams

Which of the following new technologies in finance has your organisation made use of?



Used

- **Cloud-based IT solutions**
- **Complex visualisation solutions**

Not used

- Big data, data mining
- Robotic Process Automation
- Data manipulation workflows
- Artificial intelligence

CFOs see the biggest potential for automation in management reporting, budgeting, forecasting and transactional accounting

CFOs see **great potential for task automation** in the following areas:

- **82%** – Management reporting
- **76%** – Forecasting/Budgeting
- **68%** – Transactional accounting
- **64%** – Financial reporting – group
- **60%** – Procurement
- **54%** – Financial reporting – statutory
- **28%** – Tax agenda

Seven workdays

- CFOs on average report the first set of key KPIs to top management seven workdays after the end of the month.

Manual processing

- 49% of CFOs think that preparation for business reporting takes too much manual processing.

Optimisation

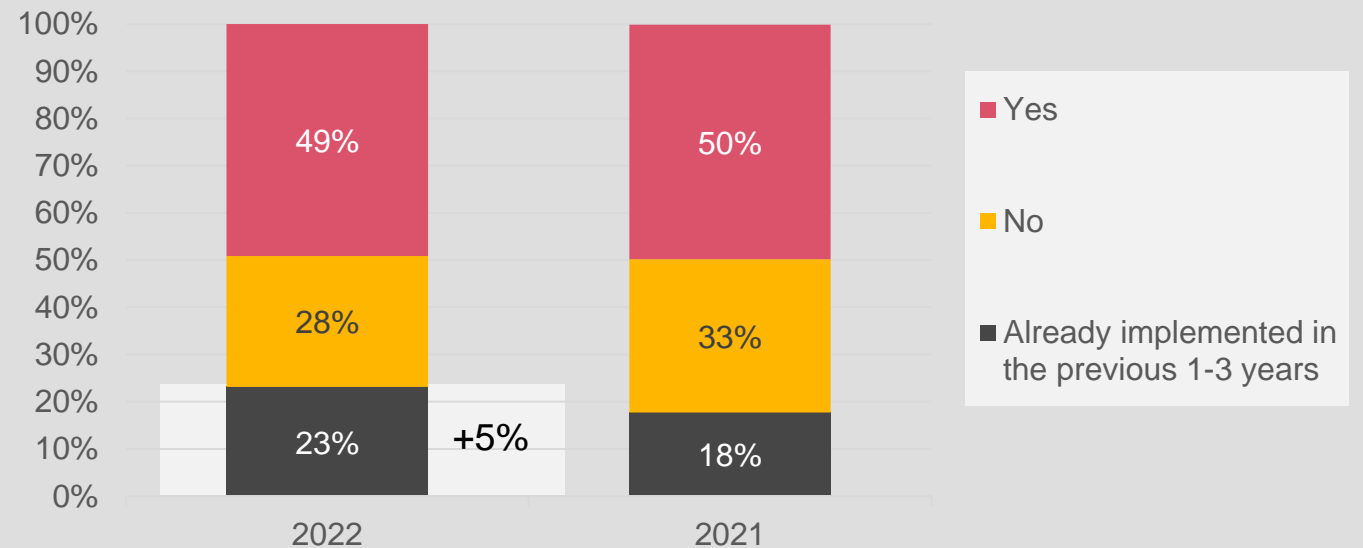
- 86% of CFOs think that they can optimise and make procedures more effective to save costs.

Planned investments in modernisation of ERP systems persist despite the expected economic downturn

49% of firms plan some kind of ERP system update.

23% already have, with 5% having done so more than a year ago.

Are you planning to implement a new ERP system or a new version of your current ERP system (e.g., SAP, S/4 HANA) in the next three years?



ESG reporting



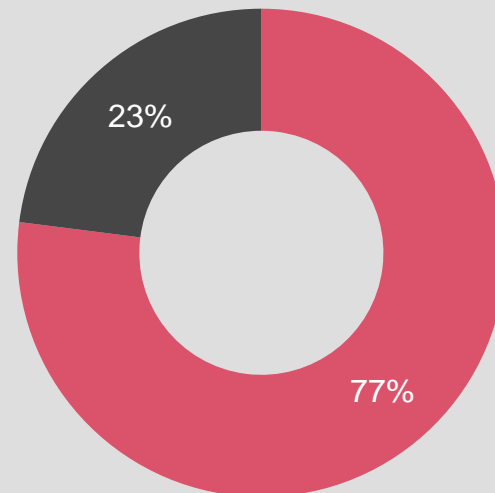
ESG reporting



23%

of CFOs have mentioned that ESG reporting will not be relevant for them within the next three years.

What statement best describes ESG reporting in your organisation?



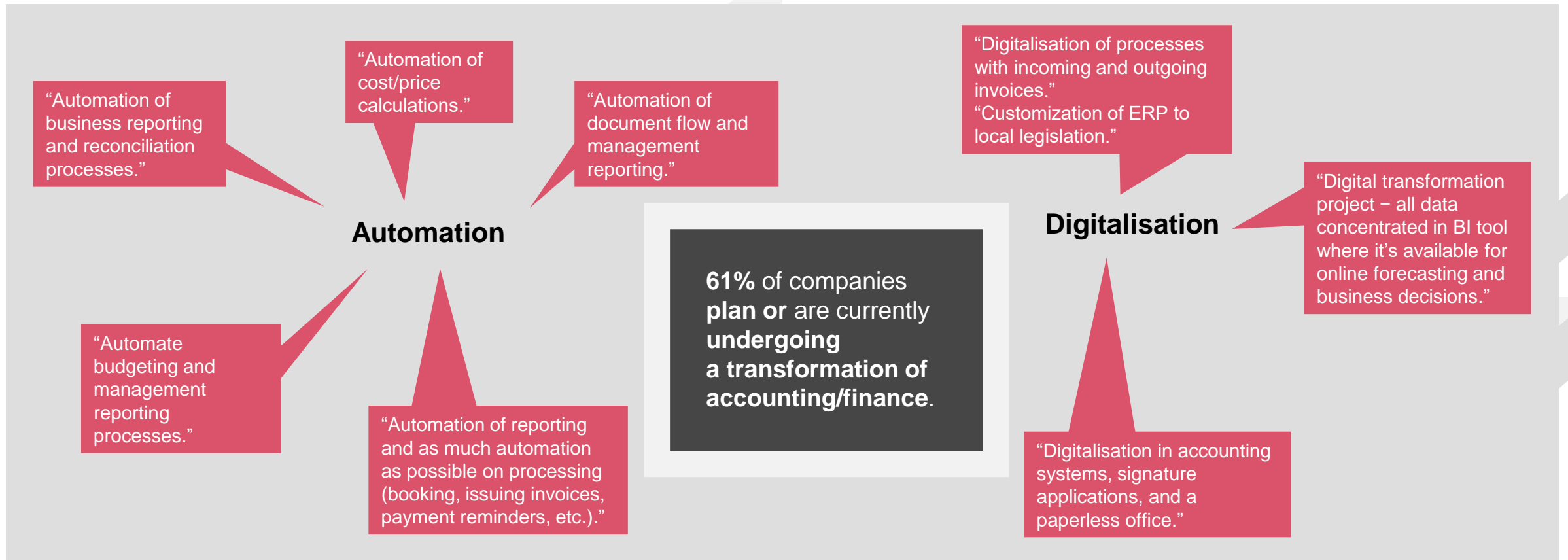
- ESG reporting is or will be relevant for us within 2-3 years
- ESG reporting is not and will not be relevant within the next 3 years for our company.

Improvement Projects



Planned projects

What is the most important finance project you are planning in the next 1–3 years?



Improvement in the past two years

Implementing technologies is the most important improvement

33% of CFOs think that implementing technologies was the most important improvement for their company in the past two years.

What was the most significant improvement or “game changer” in finance in the past 1–2 years?

- **33%** – Implementation of technologies (e.g., AI, cloud computing, visualisations, RPA, etc.)
- **20%** – Upskilling of the finance team
- **14%** – Introduction of flexible working arrangements
- **10%** – Streamlining of the end-to-end process
- **10%** – Changing to a new ERP system
- **7%** – Centralisation of finance operations
- **5%** – Implementation of data governance
- **1%** – Decentralisation of finance operations

Key focus areas emerging from the CFO Insight Survey



CFO Insight confirmed three trends in finance transformation

Trend #1: Digitalisation, Automation

- Focusing your effort on data governance, relevancy and precision of data is key for further analysis
- Continue automating transactional processes to achieve efficiency
- Use IT infrastructure to achieve a competitive advantage
- Optimise and streamline processes to save costs

Trend #2: Scrutinise the capabilities needed in your workforce of the future

- Carefully analyse the capabilities needed for the future
- Focus your recruitment process in the right directions
- Focus on upskilling your people
- Seize opportunities and recognise the increasing importance of the CFO

Trend #3: Turbulence is the new normal

- Continue with your transformation efforts to achieve a competitive advantage
- Prioritise, don't delay, your transformation projects despite the economic downturn

Environmental, Social and Governance (ESG) will play a more and more important role in your agendas!


3

Panel
Discussion &
Q&A






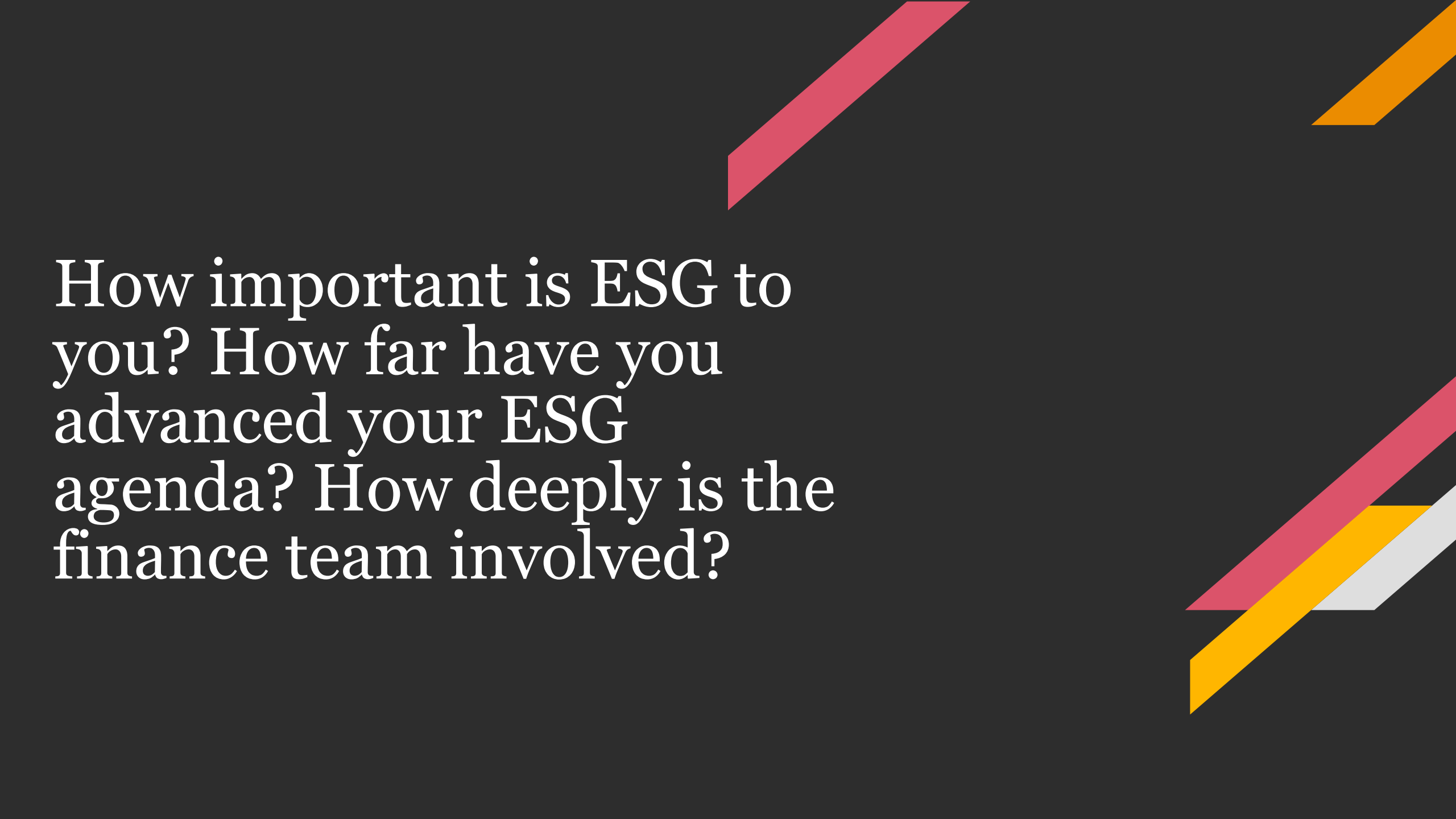
Not surprisingly, the survey pointed out that the biggest future challenges for CFOs are the constant changes and turbulence that are impacting the business world. Digitalisation and automation should help tackle the increased demand for scenarios planning and data to support CEOs. How has this been reflected in your recent improvement projects?



The survey revealed that finance teams will spend more time on business analysis rather than processing transactions. What's your take on the future of the CFO? And how has the role of the CFO in your organisation developed over recent years?



In the 2008 economic downturn, companies postponed their transformation projects in finance and accounting, but our view is that instability and turbulence will become the new normal. What's your company's strategy for dealing with this?



How important is ESG to you? How far have you advanced your ESG agenda? How deeply is the finance team involved?

Thank you

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