



Optimization of the finance function

Excerpts from the Panel Discussion

It has become challenging for most businesses to keep their financial wheels turning during the pandemic period due to lesser revenues and the uncertainty in the global economic environment. Finance health check, comprehensive approach to agility improvement, managing the company's assets portfolio, tightening the credit risk policy, adopting a dynamic planning mindset, improving working capital management are the immediate actionable for every business.

The finance experts have to make clever choices to optimize the finance function. One of them is to create a culture of data-based decision-making that can deliver insights to help in improving the financial position of the company.

To address the challenges that organizations are presently facing in maintaining their financial well being, Nexdigm (SKP) organized a virtual panel discussion from the series 'What gives CFOs sleepless nights amidst this pandemic?'

The panelists were -



Gulab Makhija
Chief Financial Officer
India TV



Ved Prakash Goel
Chief Financial Officer
Dr Lalpathlabs



Srikanth Kandikonda
Chief Financial Officer
HDFC Ergo Health
Insurance



Mayank Lakhani
Senior Managing Director
Consulting and Assurance Advisory
Nexdigm (SKP)

Here are the excerpts from the panel discussion –

How will optimization play a role in the current pandemic situation? What are the key finance transformation initiatives that will be relevant for any organization?

- To keep pace with changing expectations and opportunities in this situation, finance professionals need to replace traditional finance-function operating models with more flexible ones and build new talent-management capabilities
- Reach out to your customers and be available to address their needs
- The finance expert must assess the risk and adopt a need-based model by bringing in technology and automation
- People, process, and technology are the core pillars for an effective transformation and therefore while the operation is carried out smoothly - the risk, reward, and the return has to be carefully analyzed by the finance team to ensure these aspects are not compromised
- Focus on business continuity and employee safety
- Identify the functions that cannot operate remotely and divide them in shifts for safety purpose
- Technology will play a pivotal role in optimization not just for the finance function but for the entire organization.
- With technology, entities may also need to re-organize the finance team and the function to ensure that it is cost-effective and as lean as possible.

What could be the digitization possibilities in a finance function?

- A lot of manual efforts go into financial processing, which can be automated/digitized.
- Focus on developing an end-to-end seamless process through technology which delivers effectiveness and efficiency
- Determine an outsourcing model and select non-critical activities that can be outsourced
- Create a data dictionary to clearly define the information received and processed to address business requirements
- Set up a tool to ensure governance and risk management

How would one implement the digital transformation initiative? Which are the critical factors to be considered to ensure the desired result is achieved?

- Finance transformations are not successful without taking into account the process, people, and technology
- The major challenge towards deploying automation is people's resistance - their inability to overcome, change or deal with the values and behaviors, fear of losing a job
- Data confidentiality is one of the critical issues that should be catered to before any digital initiative is implemented
- Organizations should align and assure the workforce, build their confidence to embrace digitization and project how every individual can benefit from it
- Ensure the requirements or objective of the digital initiatives are clearly laid down
- An example of simplifying the process through technology is automating the onboarding process wherein new joiners can feed in their information, which is accessed and controlled by one person through a centralized system

Apart from technology, what are the other measures to optimize the finance function?

- The first and critical step is to ensure standardization of the processes
- Once the process is standardized, CFOs can move to digitization
- Constantly review and ensure the process is aligned to overall goals of the organization
- Roles and responsibilities should be clearly defined
- Organizations should assess whether all or few non-critical processes can be outsourced

What is your view on the current relief package announced by the government, and what more could have been done?

- The economy was already in bad shape before COVID-19
- Out of the INR 20 lakh crore relief package, the direct cash benefit is only an insignificant amount
- Most of the announced measures are very constructive
- In case the government provides too many relaxations, it may risk the sovereign rating that will make all foreign currency borrowings costly
- Some measures could have been brought to review demand in the economy
- The government should create a conducive environment and boost people's confidence to tackle this distress

What are your thoughts on managing the cash flow at this time of distress, and how do you prioritize?

- There is no one size fits all approach, and each organization needs to determine its future state, vision, and goals to determine the right level and mix of best practices
- Employees and vendors/suppliers are both equally important and appropriate action should be taken considering the organizational ethos

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Our cross-functional teams serve a wide range of industries, with a specific focus on healthcare, food processing, and banking and financial services. Over the last decade, we have built and leveraged capabilities across key global markets to provide transnational support to numerous clients.

We provide an array of solutions encompassing Consulting, Business Services, and Professional Services. Our solutions help businesses navigate challenges across all stages of their life-cycle. Through our direct operations in USA, India, and UAE, we serve a diverse range of clients, spanning multinationals, listed companies, privately owned companies, and family-owned businesses from over 50 countries.

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