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A New Role for CFOs: Chief Technologist

IT Value

Increasing processing power, software advancements, and the Internet of Things will transform the jobs of finance chiefs to include the technologist role.

David Schnitt

March 20, 2015 | CFO.com | US

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As technology continues to change and become more sophisticated, CFOs will be required to have a much deeper understanding of how it is continuing to impact their businesses. Despite the rapid advancements we've seen over the past several years, the growth in tech innovation has not fully penetrated the world of the CFO.

According to a **2014 Accenture study**, while 43% of C-suite executives believe their sales organizations have adopted better technologies, only 20% think the same is being done within their finance organizations. Some of this has to do with size. Until recently, only the largest companies could realize positive return on investment from major tech upgrades. The time is ripe, however, for a change among large and even mid-sized companies.



Increasing processing power, software advancements, and the Internet of Things (IoT) are just a handful of technology advancements that will continue to change the finance department in 2015, especially as more CFOs begin adopting these technologies than ever before. In 2015 and beyond, however, technology is going to be part and parcel of all

processes, and more than just the IT department will need to understand how new technologies work.

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All these trends are progressing so quickly that it's impossible for an IT department to fully understand how technology can impact all of the different facets of a business. With more integration, we will start to see deep IT

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services, servers, and other enterprise-wide technologies, individual departments will then be responsible for the implementation of technologies specific to their functions, which will tightly integrate these technologies into their relevant business processes. CFOs will then need to oversee and, more importantly, understand their accounting technology and the insights being developed following data collection.

We have already seen many IT type positions created within the finance organizations to support the complex financial systems many companies have implemented to gather and share data that can be leveraged by the CFO to drive strategic business decisions.

Beyond 2015, we will see a focus on the realization of positive financial benefits of technology that frees up overhead costs and streamlines the processes that form the backbone of the CFO's infrastructure. Already, one of the biggest trends in finance technology is the expansion of web-based accounting software, which more and more midsized companies are adopting as their comfort with technology grows. We saw this trend heating up towards the end of 2014 and it'll only continue to grow this year.

As new technologies begin to take hold in the finance department, the amount of time and effort spent inputting and gathering financial data will decrease, virtually eliminating all of the clerical work that makes up the backbone of most accounting departments. This leaves CFOs with more time to analyze this data and understand the key levers that drive their business. In effect, this data and their accompanying insights will soon be in the hands of CFOs and other members of the management team.

Accounts payable, accounts receivable, payroll and other purely transactional accounting processes will be automated to such an extent that they will require very little manual intervention. This will free up spend and allow more time for analysis and decision-making, which does not often get enough allocation. That's because the focus is on closing the books and getting financial results out the door to managers of the company.

In 2015 and beyond, CFOs need to add "technologist" to their job description if they want to achieve success. As more functions underneath the CFO become fully automated in the next five years, finance executives will need to maintain a deep understanding not only of how to achieve cost reductions, but also how to transform data into actionable business insights.

It's imperative for companies to start this process now, for tech advancements aren't slowing down any time soon. The coming years will only continue to bring more changes to the CFO's realm, and we may even see the complete automation of all financial transactions sooner than we ever thought possible.

David Schnitt is president and CEO of IQ BackOffice, a global accounting and human resources outsourcing company headquartered in El Segundo, California.

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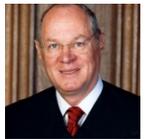
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