

Are you speaking Greek?

Finance and IT Organizations struggle to speak the same language

3c InSight recently conducted a series of executive interviews across 30 companies (average annual revenue of \$4.3 billion). The study focused on the strategic alignment between the Finance organization and the supporting IT organization. The participants included 7 CFOs, 8 VPs and 15 Senior Directors (24 Finance and 6 IT).

Leaders and laggards exhibited the following characteristics across five categories (see table below):

1. Process Maturity
2. Communications
3. Systems Complexity
4. Cost and Productivity
5. Organization Maturity

	Leaders (top 20%)	Laggards (bottom 20%)
Process Maturity	<ul style="list-style-type: none"> • Separation of IT personnel between projects and support • Budgeted time for innovation • Continued increase in IT support quality • Financial close less than 5 days • High use of transaction automation 	<ul style="list-style-type: none"> • 1 team for IT support and projects • Financial close greater than 5 days • High backlog of IT requests • Lack of cycle time satisfaction
Communications	<ul style="list-style-type: none"> • Regularly scheduled Finance/IT meetings • Published meeting notes • Joint annual planning • IT leaders speak business language 	<ul style="list-style-type: none"> • Confusion on IT point of contact • Lack of business ownership • IT organization speaks bits and bytes
Systems Complexity	<ul style="list-style-type: none"> • Low customization • Single instance ERP • Reducing complexity • Right amount of systems • Integrated finance systems with operation systems • Consolidated executive information system • Ease of acquisition integration and divestiture separation 	<ul style="list-style-type: none"> • High customization • Multi instance ERP • Increasing complexity • Too many systems
Cost and Productivity	<ul style="list-style-type: none"> • Reduction in finance and IT costs • Increase in finance productivity 	<ul style="list-style-type: none"> • Increasing costs • Flat or decreasing finance productivity • Dissatisfaction with DPO and DSO

	Leaders (top 20%)	Laggards (bottom 20%)
Organization Maturity	<ul style="list-style-type: none"> • Business leaders with high degree of technology knowledge • Business control overall IT budget and priorities • Selective use of business process outsourcing and technology outsourcing • Business accountability for systems architecture 	<ul style="list-style-type: none"> • Excessive outsourcing • Highly decentralized business processes

How do leaders benefit?

Leaders are taking advantage of the strategic alignment between Finance and IT in the following ways:

1. Ability to react to change faster – acquisitions, reorganizations, ad-hoc management information requests, reforecasting
2. Improving Finance productivity – fast close, high transaction automation rates, time to focus on value added activities
3. Less system complexity - lower support costs, IT can make changes faster, focus more on enhancements

Where are leaders focused in 2010?

1. Continuing to increase transaction automation rates
2. Maturing reporting solutions to accommodate a constantly changing business environment
3. Further rationalizing systems – expanding the core ERP footprint (geographically and functionality)

In Summary

Alignment is critical. Leaders are using technology as an enabler while laggards are being prevented from effectively supporting the business and burdening the company with unnecessary G&A costs.