The

Finance Transformation Magazine

For Finance Leaders

Q3 2023

A Real Drive to Succeed

Stuart Wood

Finance Transformation Magazine

The Video Edition!

Watch the video **Here**

Watch the video **Here**

Watch the video **Here**

Watch the video **Here**

Finance Transformation
Transform Finance Faster

Editorial

Welcome to the new Video Edition of **Finance Transformation Magazine**.

We are delighted to feature 4 Interviews from our **Success Leaves Clues** Conferences which have taken place during 2023. We have retained the narrative story format of 5 articles and we hope you find the Videos a complementary addition to this.

We have **Jamie Radford** as Founder of the Accounts Payable Association, telling his story which we hope you enjoy. Then he is joined by **Max Kent** Procurement Leader, **Mark Vincent** the Changemaker and the team from **Finance Transformation UK** including **Michael Ryan**, **Chris Tomlinson** and **Mark Saywell**.

We hope you enjoy the new Magazine format and we look forward to hearing your feedback and hosting more video interviews throughout 2024.

Michael Ryan
Editor

The
Finance Transformation Magazine

Editor
Michael Ryan
0203 146 6878

Contributors
Max Kent
Robert Brooker
Martin Kirby
Gary Cole
Jamie Radford
Mark Vincent
Mark Saywell
Chris Tomlinson

Design and Production
Andy Peat
andy@andypeatdesign.co.uk

Finance Transformation
Transform Finance Faster

Finance Transformation Magazine is published by Finance Transformation UK.

Elevating Sustainability: Procurement's Carbon-Cutting Power

Max Kent, CEO of PSL Group, discusses the role of procurement in delivering sustainability.

Whether in my role as a former business area CFO, producer of the award-winning #sitn finance podcast or president of the Finnetics® SaaS solution, I continuously hear from CFOs that they hate being sold to.

In fact, one previous guest on our podcast described CFOs being sold to as akin to triggering severe allergic reactions in them manifested by symptoms such as: CFOs becoming restless, distracted, or looking for ways to make a quick exit from the Sales pitch to find some antihistamine tablets to prevent them breaking out in hives.

Similarly, I can also sympathise with the Sales teams who are on the other side of such encounters, from whom I've also heard many laments, particularly when they had gotten a deal to within touching distance of the finish line, where the economic buyer was ready to buy, the sales team were already mentally spending their commissions cheques, only for the customer's CFO to blindside them and pull the plug on the whole deal!

And to compound matters the risk to the mental health of both CFOs and Sales teams is only going to get worse as CFOs are increasingly becoming part of digital transformation sales pitches either directly, because CFOs in some customers are the ultimate budget holders of such expenditures; or indirectly because CFOs are being brought into such conversations for other governance reasons.

Therefore, I encourage you to think of this article as an initial bridge to better connect CFOs

and Sales teams for more win-win outcomes, so that CFOs suffer less allergic reactions from being sold to, and dare we say, might even feel some benefit from being part of such conversations with Sales, and likewise for the other side, to protect the sanity of Salespeople who are seeing their deals fail at the final hurdle.

This bridge to successfully sell to the CFO has three key steps:

Although a lot of businesses have CFOs who talk about their financials in a similar way, each CFO has their own unique way of evaluating financial value. So, before speaking to the CFO, do a little homework on the financial objectives and metrics that matter to them.

> ***"CFOs aren't impressed with flashy marketing material, pretty brochures or even seeing great financial returns"***

Are they focussed on cost savings, freeing up working capital, building-up their balance sheets or driving top-line revenue? Does the CFO have to talk to public investors, so phrasing outcomes in terms of EPS savings/enhancements might be beneficial. Or do they report into a Group structure or have a lot of debt, so EBITDA, opex vs. capex, or debt covenant impacts might be a better way of communicating how your product or solution helps them achieve such objectives. Interestingly a recent survey suggested only 11% of CFOs felt that salespeople always or very often did their homework1.

Make sure that your solution towards the metrics that matter is backed by a detailed financial report with supporting analysis and precisely quantified benefits. Provide the CFO or their team with a financial model so they can precisely understand any assumptions that surround your analysis.

A value-add might be to even have it evaluated by your own CFO, a senior finance team member, a CPA, or even bring them along to talk to or answer any questions on the numbers as this will demonstrate some attempt at an independent evaluation as to the 'true and fair' view of your solution's business case.

CFOs aren't impressed with flashy marketing material, pretty brochures or even seeing great financial returns. In fact a key error Salespeople make is focussing too much on the financial returns and not enough on the impact their solution has on risk mitigations which is another key component of the net present value (NPV) formula essential to corporate finance decisions.

CFOs have to optimise and balance many competing objectives and they do this by evaluating both the risks and returns across a number of perspectives to drive the best NPV for their organisations.

Think about it, CFOs might have in front of them three deals to review: the first could be yours, perhaps some cyber security software to reduce phishing risk; the next might be some sales training to increase revenues from their own inside sales team; or even a recurring maintenance contract that will save 10% on utility bills.

So if the CFO decides on your cybersecurity solution how can you help them communicate to the other senior executives and

Ultimately CFOs will be impressed, and conversely, you and other Sales leaders will become less frustrated, if you present to them in a way that shows you've done your homework on the metrics that matter to them; you're precise; and finally that you've given them a balanced, realistic and accurate perspective of your product or solution, upon which they can balance competing objectives to make and communicate the best risk/return decision for their organisation.

About the author:
Max Kent

A seasoned leader in sales, procurement technology and sustainability, Max brings over £100m in sales experience. As CEO of PSL Group, his insights drive innovative approaches to sustainable procurement technology. Max is also an international speaker, podcast host, and thought leader in digital business technology.

Scan the QR Code

Finance Transformation UK
Events 2023 Highlights

A pictorial highlights reel, looking back at our events this year.

Mindset Drives Change

Thursday 23rd March, London

Success Leaves Clues

Thursday 15th June, Trafford Suite

Fighting Economic Crime in 2024

Robert Brooker, Head of Fraud & Forensics at PKF GM, explains the implications of the new Economic Crime and Corporate Transparency Act which received Royal Assent in October 2023.

This introduces UK authorities to proactively target organised criminals. it is expected that this new offence will be effective by the end of 2024, following publication of government guidance. The Act is quite lengthy and incorporates many aspects but the main ones affecting fraud are.

Companies House will receive enhanced abilities to verify the identities of company directors, remove fraudulent organisations from the company register and share information with criminal investigation agencies.

Once the powers come into force, the agency will take immediate steps to improve the quality of information on the company register.

- Invalid registered office addresses, such as those used fraudulently to set up companies, will be removed.

- Verification checks will assess the identities of people setting up and managing companies, stopping criminals hiding behind false names or registering companies with fictional characters.

- This will help prevent fraudulent appointments and prevent those involved in money laundering hiding behind false names.

- Changes to public beneficial ownership registers will also close gaps that allow corrupt actors to use companies to move and hide money.

The 'identification doctrine' will also ensure businesses are held criminally liable for the actions of Senior Leaders who commit Economic crime.

The "Failure to Prevent Fraud" offence will only apply to 'large organisations' who meet at least two of the 3 criteria:

- Employ more than 250 staff,
- have in excess of £36 million turnover
- or more than £18 million in total assets.

Although those organisations falling outside of the scope will not be obliged by law to adhere to the legislation PKF are suggesting that as best practice all organisations should look to embed the same approach to Prevent fraudulent activity. As a large organisation it may be best proactive to ensure that your supply chain adopt a similar approach to minimise the risk.

The creation of the criminal offence, will make large organisations criminally liable if they benefit from fraud committed by the organisation.

This may include:

- Financial statement fraud, e.g., under recognising accruals
- Non-financial statement fraud, e.g., misreporting such as carbon emissions

- Rogue trading
- Bribery and Corruption
- Intellectual Property breaches including theft.

1. Organisations will be liable if an 'associated person' commits a fraud offence for the benefit of the company. For these purposes, an associated person includes employees, agents, subsidiaries and intermediaries who perform services for or on behalf of the company.

2. The Act provides an important exemption where the company was or was intended to be a victim of the fraud offence. This means a corporate will not be liable where an associated person commits a fraud offence for their own benefit, rather than for the benefit of the company.

"This is the most significant change to legislation affecting serious economic crime in over 10 years"

3. The company does not have to be aware of the fraud in order to be liable. It is sufficient for a crime to be committed by an associated person for the company's benefit.

4. Additionally where fraudulent behaviour occurs overseas and would constitute fraud in accordance with UK law, or targets UK victims, the company may still be liable. Equally, where misbehaviour occurs in the UK, but the company is not based in the UK, the company could still be committing an offence.

5. **The defence available to a corporate is to show that they have reasonable procedures in place to prevent the fraud from happening. It is expected that the Government will issue guidance on what they consider reasonable prevention procedures during 2024.**

But as a guide PKF are suggesting these may be similar to those specified within the Bribery Act so suggest that organisations.

- Consider their corporate governance currently in place and revise all policies and procedures to ensure they protect the business from Fraud, Bribery and Corruption.
- Ensure that you provide awareness and education to all staff and any other 'associated' persons and include the Economic Crime and Corporate Transparency Act and remind all of the Fraud Act and Bribery Act.
- Have identified all fraud risks across the organisation and documented them within Fraud Risk Assessments.

This is the most significant change to legislation affecting serious economic crime in over 10 years, since the introduction of the Bribery Act in 2010.This new legislation will help prevent crime, as large corporates can no longer 'sweep fraud under the carpet'.

The Economic Crime & Corporate Transparency Act offers an opportunity for companies to take a proactive approach against fraud, bribery and Corruption, to reduce the threat and minimise the risk.

If you or your organisation require assistance in understanding the new legislation, if and how it will affect you, or wish to review your policies/procedures or need to deliver awareness and education or undertake risk assessments. Please contact us.

About the author:
Robert Brooker

Head of Forensics and Fraud PKF GM, Robert has worked in private and public sectors within financial crime for over 20 years. He is also Chair of UK Fraud Forums, bringing public/private sectors together to fight fraud, bribery and corruption.

Scan the QR Code

Success Leaves Clues

Thursday 15th June, Trafford Suite

Success Leaves Clues II

Thursday 19th October, Villa Park

The Videos

Watch the video **Here**

Watch the video **Here**

Watch the video **Here**

Watch the video **Here**

The Real Meaning of Resilience

Stuart Wood, a remarkable British paracanoeist, exemplifies resilience and determination, overcoming physical and health challenges to achieve Paralympic success and inspire many with his journey of perseverance and triumph in the face of adversity.

Stuart Wood's journey as a British paracanoeist is not just a story of athletic prowess but a saga of indomitable courage and relentless drive. Growing up with an artificial leg and overcoming a harrowing cancer diagnosis, Wood has exemplified the spirit of perseverance.

As a graduate from the University of Bath, his academic background in maths, physics, and computer science honed his strategic approach to sports. His transition from the KL3 to VL3 category in paracanoe marked the beginning of a series of triumphs, underpinned by his dedication to the sport and the blue of his university team that he proudly wears even today.

Wood's selection for the 2020 Summer Paralympics and his subsequent bronze medal victory was a testament to his commitment. This achievement was not an endpoint but a milestone in a series of impressive performances. The challenge of Hodgkin Lymphoma, diagnosed just weeks after his win, could have derailed his journey. Instead, it highlighted his resilience. Wood's candid reflections on the ordeal – from the initial symptoms to the rapid transition into chemotherapy – reveal a man who faces life's gravest challenges head-on.

Certainly, to expand on Stuart Wood's narrative and relate it more intricately to the themes of resilience and transformation, consider the following elaborated points:

Overcoming Physical Challenges: Wood's artificial leg did not deter his athletic ambitions, much like how financial managers must navigate

through limitations within budgets or resources, finding innovative paths to achieve corporate financial goals.

Unwavering Dedication to Goals: Stuart's commitment to mastering the paracanoe, despite significant personal challenges, parallels the dedication finance managers must show towards long-term fiscal targets, often requiring years of consistent effort and strategic planning.

Strategic Approach to Competition: Wood's educational background in analytics and strategy likely contributed to his competitive edge, akin to how financial transformation relies on strategic insight into market trends and the competitive landscape to steer a company towards financial success.

Adaptation to New Categories: Transitioning from KL3 to VL3 classes in para canoeing and finding success mirrors how finance departments must adapt to new regulatory environments, accounting standards, and technological advancements to remain effective and compliant.

Triumph Through Adversity: Wood's bronze medal at the Paralympics and his victory after a cancer diagnosis exemplify how to triumph through adversity, akin to how finance managers guide companies through economic crises to emerge stronger and more streamlined.

The Power of a Support System: Stuart's acknowledgement of his support system's role in his recovery and success underlines the importance of teamwork in finance, where complex transformations often require the expertise and cooperation of diverse professionals.

These expanded points further draw parallels between Stuart Wood's journey and the principles of perseverance and excellence that are equally relevant in the finance world.

His return to the water was nothing short of triumphant, clinching gold at Szeged, Hungary and ending his season on a high note despite the emotional and physical toll of the year. Wood's story is one of a remarkable athlete and an even more amazing human being, whose narrative is a source of inspiration for anyone facing their own battles, in sports or in life. His courage, resilience, and unwavering dedication to his sport and his personal well-being are the hallmarks of his character and career, making him a role model for paracanoeists and athletes worldwide.

> ***"His courage, resilience, and unwavering dedication to his sport ... are the hallmarks of his character"***

Personal information		
Nationality	British	
Born	31 January 1994 (age 29)	
Sport		
Sport	Paracanoe	
Disability class	VL3	
College team	Bath	
Coached by	Colin Radmore	
Medal record		
Men's paracanoeing		
Representing Great Britain		
Paralympic Games		
B	2020 Tokyo	VL3
World Championships		
S	2021 Copenhagen	VL3
B	2019 Szeged	VL3
European Championships		
G	2019 Poznan	VL3

A Glimpse into the O2C Future

Martin Kirby, Head of Credit and Collections at Business Stream, explores the future of Order-to-Cash in an ever-changing world.

The Order-to-Cash (O2C) process forms the financial backbone of any modern enterprise. In an era where operational efficiency is intrinsically linked with technology, the O2C teams leverage the latter to create agile, accurate, sensible workflows. This synergy between technology and financial operations sets the stage for a future dominated by automation and data intelligence.

The Technological Catalysts in O2C

Automation

Robotic Process Automation (RPA) has moved beyond being an industry buzzword to a transformative agent. It takes over repetitive, time-consuming tasks like invoicing, payment collection, and transaction processing, reducing manual errors and liberating human resources for strategic activities.

Cloud Computing

The centralised architecture of cloud-based O2C solutions ensures real-time data access and modification capabilities for all stakeholders. This real-time data management propels better decision-making and facilitates seamless integration with other enterprise systems, elevating process efficiency and transparency.

Data Analytics

Data analytics is no longer a good-to-have feature but a must-have capability. Predictive analytics tools parse through voluminous transactional data to forecast payment behaviour, providing insights that help in proactive credit risk management and augment customer satisfaction through personalised experiences.

Blockchain

The adoption of Blockchain ensures an extra layer of security, making each transaction immutable and transparent. The technology eradicates the possibility of fraudulent activities and discrepancies, often a bottleneck in traditional O2C processes.

Artificial Intelligence (AI) and Machine Learning (ML)

AI and ML algorithms are transforming decision-making landscapes. They expedite and make credit scoring and dispute resolutions more precise and adaptable,

reducing time and resource investment in these critical areas.

Tangible Benefits and ROI
All these technologies converge to create a powerhouse of operational benefits, including a significant reduction in Days Sales Outstanding (DSO), improved liquidity, and enhanced customer satisfaction through rapid, transparent and secure transactions.

A Visionary Glimpse into Future Operations

Hyper-automation
In the coming years, hyper-automation, a fusion of RPA, AI, and ML, will dominate, giving birth to a new era of end-to-end O2C process automation. This integration will reframe the operational effectiveness, eliminating all manual interventions and making processes more adaptive.

Real-time Data Analytics
Real-time analytics will move from the realm of aspiration to an operational necessity. Immediate insights will be generated at each stage of the O2C cycle, enabling quick actions for process improvements and risk mitigation.

Smart Contracts
Blockchain technology will mature to a point where smart contracts will become a standard, automating contractual obligations and guaranteeing faster and dispute-free transactions.

Credit Risk Management
In the landscape of increasing economic uncertainties, cutting-edge technologies will provide a robust architecture for analysing real-time market conditions and historical payment data, empowering organisations to tailor their credit risk strategies effectively.

Customer Engagement through AI
AI-powered customer engagement tools like chatbots and voice recognition systems will expedite and personalise customer experiences, thereby accelerating the O2C cycle. The real-time data collected will help map customer personas for targeted marketing and engagement strategies.

"The pathway to modernising O2C is a journey with technology at its core"

Remote Work Adaptability
The cloud-based infrastructure will become robust enough to support completely remote operations, allowing the O2C teams to function efficiently without any geographical constraints, thereby adapting to the future work environments that are bound to evolve.

Defining the Future Finance Star in O2C Teams

The O2C professional of the future will be a composite of technical know-how in emerging technologies, analytical insight, adaptability to technological advancements, and a strategic mindset. Additional traits will include customer-centricity, ethical grounding, a spirit of collaboration, and a focus on continuous learning and development.

Conclusion

The pathway to modernising O2C is a journey with technology at its core. It's not just about enhancing efficiency; it's about reshaping the entire O2C ecosystem to be more resilient, agile, and future-ready. For CFOs and organisations, the investment in technology is not merely an operational requirement but a strategic imperative to ensure financial sustainability, optimise working capital, and secure a competitive advantage. As we navigate through rapid advancements in the next five years, human talent empowered by technology will be the ultimate enabler in achieving financial brilliance.

About the author:
Martin Kirby

Martin Kirby, FCICM, is a distinguished Head of Order to Cash, specialising in global credit risk management and underwriting. An award-winning leader known for operational excellence in dynamic environments, he excels in Six Sigma, strategic planning, and stakeholder engagement, deeply committed to innovating credit management practices.

Scan the QR Code

Leveraging Data to Prevent Fraud

Gary Cole, CEO of Lumilinks, explains how data science can help prevent fraud.

lumilinks

Fraud is a persistent threat to businesses across the globe, causing significant financial losses and reputational damage. Fortunately, the digital age has brought with it a powerful weapon against fraud: data. Chief Financial Officers (CFOs) and finance professionals are increasingly turning to data analytics to prevent and detect fraudulent activities within their organisations.

At Lumilinks, we help businesses achieve an ROI with data and one of those activities is the importance of data in the fight against fraud.

The Role of Data in Fraud Prevention

Data is the lifeblood of modern organisations, and it can also be their best defense against fraud. The volume of data generated daily, from financial transactions to customer interactions, provides a treasure trove of information that, when analysed effectively, can unveil patterns, anomalies, and suspicious activities.

Data serves as the foundation for building robust fraud prevention and detection systems. CFOs and their teams can harness data to identify red flags, trace the flow of funds, and recognise irregularities that might otherwise go unnoticed. Whether it's detecting internal employee fraud or external cyberattacks, data-driven insights are invaluable in minimizing risks.

To do this, I want to be really clear, you need a Data Warehouse and if you regularly follow my articles in FTUK, you would of seen my prediction that every significant organisation will have a modern data warehouse. This isn't something the skillset of the current typical IT Team and hence organisation like Lumilinks are here to compliment your IT Team with the skills of a data team.

After you have the, historically illusive but with technology advancements now totally feasible, Single source of truth. You can move forward to the rewarding 'science' of data.

Key Data-Driven Strategies for Fraud Prevention:

Machine Learning and AI: Machine learning algorithms can analyse historical data to identify fraudulent patterns. They adapt over time, becoming more adept at recognising emerging fraud schemes. AI-driven fraud detection systems can assess massive datasets rapidly, enhancing their ability to identify anomalies and suspicious activities.

Behavioural Analysis: By monitoring user behaviour and transaction patterns, organisations can create profiles for normal activities. Any deviations from these profiles can trigger alerts for further investigation. This approach is particularly effective in detecting account takeovers and identity theft.

Data Integration: Combining data from various sources, such as financial transactions, customer interactions, and external threat intelligence, provides a

comprehensive view of potential fraud risks. Integrated data can highlight connections and relationships that might be otherwise missed.

Real-Time Monitoring: Real-time data analysis allows organisations to detect fraud as it occurs, reducing the potential financial impact. Automated alerts can be triggered when suspicious activities are identified, enabling swift intervention.

Predictive Analytics: Predictive models can anticipate future fraud risks based on historical data. These models can help organisations proactively implement preventive measures, such as enhancing security protocols or adjusting transaction limits.

Benefits of Data-Driven Fraud Prevention

The advantages of using data for fraud prevention are manifold. Firstly, it allows organisations to stay one step ahead of fraudsters, who are constantly evolving their tactics. Data-driven systems can adapt and identify new fraud schemes as they emerge.

Secondly, data-driven fraud prevention can result in substantial cost savings. By detecting and preventing fraudulent activities early, organisations can avoid financial losses, legal fees, and the costs associated with investigating and remedying fraud incidents.

Furthermore, data-driven fraud prevention enhances customer trust. When customers see that their financial and personal data is protected, they are more likely to remain loyal to a business, leading to improved customer retention rates.

Examples of ROI for investing in your data strategy

CFOs are leading the charge, whilst in control of the data team in many ways a few of them listed below.

- Utilising free open source data like Companies House data for:
  - Deceased directors, still filing
  - Registered property used many times over for failing companies
  - Network analysis, bringing together connected Directors, properties and companies. Highlighting a problem or fraud with one and therefore identifying potential links and risk mitigations with the others.
- Utilising your transactional data
  - Customers or potential fraud. Network analysis can help businesses built a profile of their transactions understanding the potential likelihood for fraud. Having early warning signals can increase your likelihood to spot fraud but more importantly enable you to act on it swiftly with manual alerts or automated intervention

Conclusion

In an age where data is generated at an unprecedented pace, organisations have a powerful ally in the fight against fraud. CFOs and finance professionals should recognise the critical role that data plays in identifying, preventing, and mitigating fraud risks.

By adopting data-driven strategies, such as machine learning, behavioural analysis, and real-time monitoring, businesses can stay ahead of evolving threats, save costs, and build trust with their customers. As technology continues to advance, leveraging data for fraud prevention will remain a cornerstone of modern financial security.

By embracing data analytics, CFOs can turn the tide in their favour, protecting their organisations from financial harm and preserving their reputation in an increasingly complex and interconnected world.

> ***"By embracing data analytics, CFOs can turn the tide in their favour"***

About the author:
Gary Cole

Gary Cole founded Lumilinks in 2019 alongside Jo Dudley-Smith and Dr Tim Drye who is a former DataIQ Data Scientist of the Year. On a mission to disrupt the traditional SaaS status quo, Lumilinks offer analytics as a service using A.I. decision-making models to empower users to identify the optimum route to goal, helping organisations to efficiently and strategically achieve their business objectives.

Scan the QR Code

Contact the award-winning Finance Transformation UK on 0203 1466878 or visit www.financetransformation.co.uk