Transforming Finance: Uncovering the Potential of Finance Stakeholder Experience

A Survey-led Guide for Finance Organizations

#experiencecentricfinance

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In the rapidly evolving digital landscape, the significance of stakeholder experience has dramatically shifted. A recent PwC research highlights a compelling fact: a single negative experience can lead to one-third of customers leaving a brand they once loved.

This emphasis on experience extends beyond customer-facing roles to encompass all organizational functions, including finance. Each touchpoint, from quote management to billing to dispute resolution, contributes to the overall customer experience, directly affecting Customer Lifetime Value.

Neglecting these interactions can alienate not only customers but also other key stakeholders, such as employees, suppliers, investors, and regulators. Recognizing this, organizations are now prioritizing exceptional stakeholder experiences as a fundamental aspect of business success.

Traditionally on the sidelines of the customer experience paradigm, back-office functions, in particular finance, are now increasingly being recognized for their critical role in shaping a brand's reputation and fostering stakeholder loyalty.

The pivotal shift towards "experience-centric" finance can be a significant differentiator in today's competitive market.

By redefining finance's role in the customer journey, streamlining processes, leveraging technology, and removing friction points, brands can ensure that each interaction not only adds value but also fosters positive experiences, thereby nurturing brand loyalty and encouraging growth.

This following Everest Group study reveals that close to 70% of finance executives consider finance stakeholder experience as highly important. The Everest Group survey indicates a paradigm shift in finance priorities - placing experience management among the top five priorities for finance organizations for the first time.

Central to this shift is the integration of experience metrics into operations, moving beyond traditional back-office focus areas like cost and productivity. Stakeholder-centric processes emphasize simplicity, intuitiveness, and transparency. Advancements in AI and data analytics are powering this transformation, delivering more personalized and streamlined interactions, thereby enabling finance functions to add much more value from an experience standpoint.

In conclusion, the alignment of stakeholder expectations, technological advancements, and organizational priorities highlights the growing importance of experience in driving organizational value, and the central role that the finance function can play in this transformation. CFOs that prioritize experience as a core outcome are set to surpass competitors in revenue and profitability.

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Introduction

While the finance function's key responsibilities have included bookkeeping, processing transactions, and verifying regulatory compliance, enterprise expectations have been steadily increasing for it to have a strategic impact on organizational success, especially amid economic downturns. The good news is that many finance teams are already (and even otherwise) pivoting their focus to improve Finance Stakeholder Experience, or FinStX, and deliver business value.

Notably, to understand how FinStX can generate organizational value, Everest Group conducted The Role of Experience in Driving Finance Transformation Survey 2023 among more than 250 CFOs and their direct reports across geographies (including North America, the UK, Europe, Asia Pacific, and the Middle East and Africa) and industries such as insurance, CPG, retail, technology, life sciences, manufacturing, airlines, and hospitality.

In this report, we share key findings from the survey, including:

- The current state of finance priorities
- The importance of FinStX (including customer experience)
- The role of providers in improving FinStX

Executive summary

Despite an uncertain macroeconomic environment, FinStX has emerged as a top priority for enterprises as it directly impacts critical business outcomes, such as revenue and growth, cost and profitability, sustainability, and risk and resiliency. Consequently, finance organizations are aligning their strategic priorities to enhance different dimensions of FinStX, including accuracy, collaboration and communication, user interface, and access to organizational data and value-add insights. Notably, they are doing so while navigating hurdles such as fragmented data landscapes and potential stakeholder misalignment.

By focusing on the experience of stakeholders such as internal and external customers, finance organizations are investing in initiatives that elevate their FinStX, particularly in customer-facing operations such as customer-to-cash processes. Transformative technologies such as data analytics, AI, and automation, coupled with generative AI, are enabling them to actively pursue enhancements in FinStX, often in partnership with third-party providers.

The current state of finance priorities

Key business outcomes

The year 2023 was marked by uncertainties in the wake of an impending recession in major economies in Europe and the US. Consequently, a majority of our survey respondents stated their top business priorities for their finance organizations were revenue and growth, cost and profitability, and ESG and sustainability, as Exhibit 1 highlights.

EXHIBIT 1

Key business priorities for finance organizations in 2023

Source: The Role of Experience in Driving Finance Transformation Survey 2023

Rising interest rates, union strikes, energy price surges in North America, the real estate crisis in China, and lending contraction in Europe mounted revenue and cost pressures on organizations that struggled to keep prices competitive when dealing with increasing operating costs.

Meanwhile, ESG and sustainability have shifted from an ethical concern to a strategic necessity. Organizations are realizing the significance of sustainable operations in attracting investors, accessing capital, and maintaining the trust of shareholders and stakeholders, in times of economic turmoil.

For the first time in an Everest Group F&A survey, FinStX featured among organizations' top five business priorities.

Notably, about 58% of survey respondents expected the importance of FinStX as a business priority to increase significantly in the future. It is already among the top three priorities for the telecom and media industries.

The importance of experience in finance

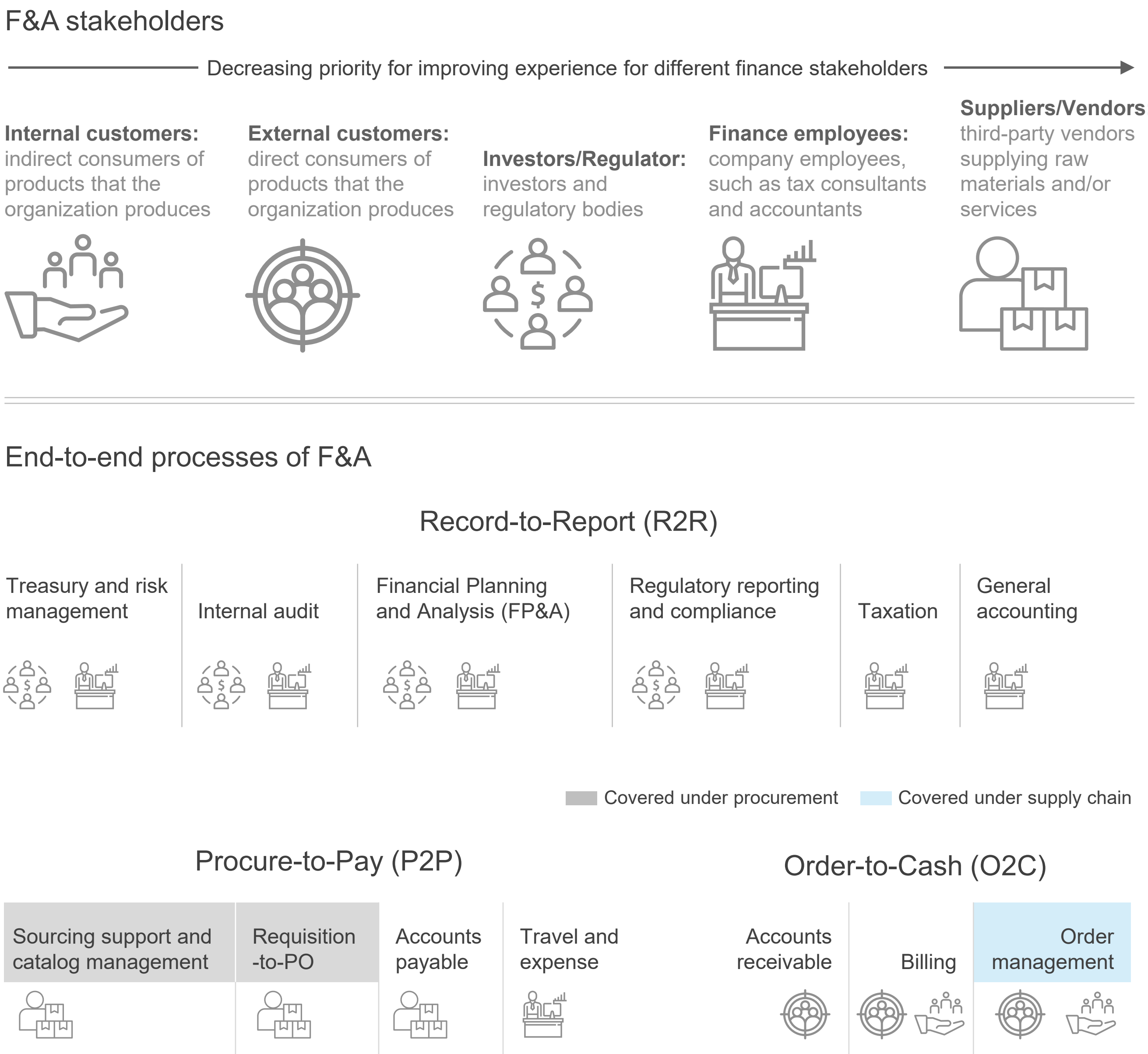
The benefits of improving experience in F&A

Various types of finance stakeholders play distinct roles in different parts of the finance value chain, as Exhibit 2 shows. Improving FinStX for each of these stakeholders can be a true differentiator for finance organizations to attain competitive advantage.

EXHIBIT 2

Types of finance stakeholders and their primary association in the F&A value chain

Source: The Role of Experience in Driving Finance Transformation Survey 2023



More than 65% of survey respondents are prioritizing improving their internal and external customer experience over improving the experience for other stakeholders.

Increasingly, even finance organization leaders are regarding customer experience as a competitive differentiator and crucial for their long-term success. Improving customer experience can drive favorable purchasing decisions, boost retention rates, create more word-of-mouth marketing, and increase the Customer Lifetime Value (CLV) for the organization. This has a direct impact on revenue growth and brand loyalty, which form the foundation of a sustainable organization.

Interestingly, 24% of our survey respondents said that improving investor/regulator experience was a high priority for their organizations. A positive regulator experience can improve the organization's reputation for transparency, compliance, and ethical financial practices. Additionally, a focus on investor experience can improve investor confidence and expand investor and capital market pool access for organizations' finance teams. These benefits have a snowball effect in increasing an organization’s customer base on the back of positive market sentiment.

Notably, while the focus on improving finance employees’ experience was not among the top three priorities, more than 60% of survey respondents were increasingly prioritizing it for the future. Finance employees form the bridge that connects all other stakeholders to the organization, and an improved employee experience for them will enhance productivity and efficiency, foster cross-functional collaboration, and encourage them to adopt customer-centric approaches, thereby improving organizational revenue and liquidity.

Key dimensions of experience

While 68% of survey respondents placed high importance on FinStX, it can mean different things for different organizations due to their specific business goals, stakeholder diversity, and operational complexity.

Organizational goals and characteristics guide the priorities of organizations looking to improve the experience for their stakeholders.

For example, an organization in a highly regulated industry, such as healthcare, may want to prioritize improving the experience for its investors/regulators by providing value-add insights, while a tech-savvy organization in the gaming industry may prioritize improved UI/UX.

More than 65% of survey respondents regarded improved accuracy, better collaboration and communications, and value-add insights as their top three objectives when improving FinStX. Accuracy in finance operations is fundamental to ensuring the financial health, stability, and success of an organization. It is critical to maintaining trust with stakeholders, complying with regulations, and making sound financial decisions. Furthermore, the finance function is responsible for financial reporting and the projection of future economic trends by leveraging value-driven insights. One way of improving FinStX is by providing predictive/prescriptive insights that can assist finance stakeholders in budgeting and forecasting decisions.

Notably, for organizations that prioritize FinStX, easy access to organizational data is among the most important dimensions for improving experience, in addition to dimensions such as better collaboration and communication and improved accuracy, as Exhibit 3 shows.

EXHIBIT 3

Importance of key dimensions in improving FinStX

Source: The Role of Experience in Driving Finance Transformation Survey 2023

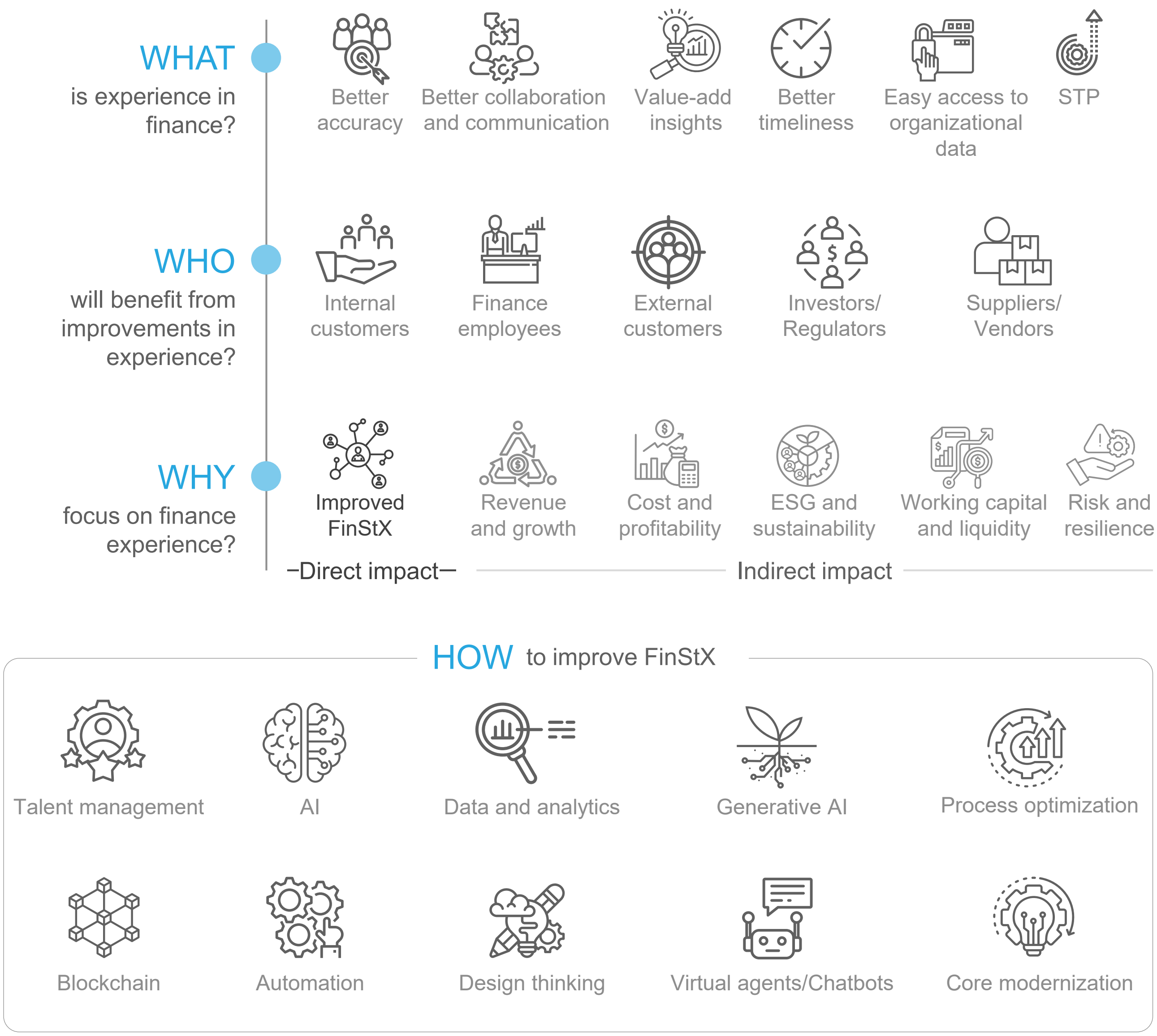
	Considering all organizations	Considering only organizations that place high importance on FinStX
Better accuracy	1	2
Better collaboration and communication	2	1
Value-add insights	3	4
Better timeliness	4	6
Easy access to organizational data	5	3
STP	6	7
Better UI/UX	7	5

Increasingly, organizations are prioritizing different experience dimensions for various stakeholders by implementing a range of transformation levers, as Exhibit 4 illustrates. This effort will also indirectly influence business outcomes such as revenue and growth, cost and profitability, ESG and sustainability, working capital and liquidity, and risk and resiliency.

EXHIBIT 4

The 3Ws and 1H of experience-driven finance

Source: The Role of Experience in Driving Finance Transformation Survey 2023



Focus on customer-to-cash

With customer-to-cash operations directly impacting customers, leading organizations are focusing on improving FinStX to achieve top-line goals. More than 60% of survey respondents believed that enhancing FinStX in the customer-to-cash value chain will significantly impact revenue and growth and working capital and liquidity by positively influencing profitability, working capital, and brand loyalty. Improving customer experience creates happy customers, who help reduce Accounts Receivable (AR) days due to faster payments, optimized inventory management, reduced customer churn, lower price sensitivity, word-of-mouth marketing, and resilience to competitive pressures. It eventually reflects well on the balance sheet, with more working capital to invest in growth initiatives.

The role of transformation levers in improving experience

To keep up with evolving business objectives and priorities, finance organizations with strong investment appetites are prioritizing investments in Data and Analytics (D&A), AI, and automation to digitally transform their technology landscapes in F&A. These transformation levers play a vital role in organizations' journeys to improve FinStX.

More than three-fifths of survey respondents expect process optimization, D&A, automation, and AI to have the most impact on improving overall FinStX.

Process optimization may involve the use of process mining tools and process maps that streamline workflows by identifying bottlenecks and reducing inefficiencies. Optimized processes reduce exception handling, thereby allowing employees to focus on more strategic work. While less than 50% of survey respondents had invested heavily in process optimization, more than 62% of respondents believed that process optimization significantly improves FinStX.

Streamlined processes not only increase employee satisfaction, but also make suitable candidates for automation. Organizations should identify automation requirements, minimize manual work, and assess compliance requirements. This approach can help allocate resources more efficiently and reduce costs. Finance teams can respond quickly and accurately to customer, vendor, supplier, and investor inquiries, which improves overall FinStX levels. RPA and IDP can automate routine, rules-based tasks with high accuracy and speed, minimizing errors in executing financial transactions, generating financial reports, and responding to stakeholder inquiries. They will improve data accessibility and transparency, driving up trust and confidence in the organization's financial capabilities. RPA can also help personalize client interactions by analyzing historical data and creating tailored recommendations based on customer preferences and investor goals.

As organizations are realizing the advantage of big data and the insights it generates, they are increasingly harnessing the power of D&A for improved decision-making, driving the adoption of basic analytics and dashboarding across the F&A value chain. Combined with AI, D&A can support the finance function with prescriptive and predictive insights. The organization can provide personalized services to customers based on their financial behaviors and preferences, boosting customer experience. Access to market trends, investment opportunities, and asset performance helps investors make informed decisions and maximize returns. Predictive analytics models assist in the early identification of fraudulent activities and protect stakeholders' financial interests.

Chatbots and virtual assistants powered by generative AI can engage with customers in real-time, answer questions, provide support, and even complete transactions. Although a few survey respondents indicated high investments in virtual agents / chatbots, more than 52% of respondents believed that virtual agents / chatbots can greatly improve FinStX. AI-driven chatbots offer 24/7 availability and consistency in customer interactions, improving response times and customer satisfaction.

optimization, which helped them scale their operations efficiently and at marginal costs across regions. This technology focus brings a high level of standardization across locations and helps maintain uniform service quality levels.

For local organizations, 57% of respondents highlighted that in addition to technology levers such as automation, analytics, and AI, design thinking had a significant impact on improving FinStX. Design thinking helps develop solutions that are deeply rooted in the local environment and are adaptable to change, driving customer satisfaction and loyalty.

The perceived impact of generative AI on FinStX

A hot topic in digital is generative AI, due to its impressive human-like cognitive capabilities that help improve decision-making, data accuracy, and efficiency, ultimately improving FinStX. This is especially true for organizations in the insurance and retail industries, where generative AI is expected to have the greatest impact in improving FinStX. Consequently, more than 60% of survey respondents remained optimistic about generative AI adoption and expected it to significantly impact the finance function in the next two years, as Exhibit 5 depicts.

EXHIBIT 5

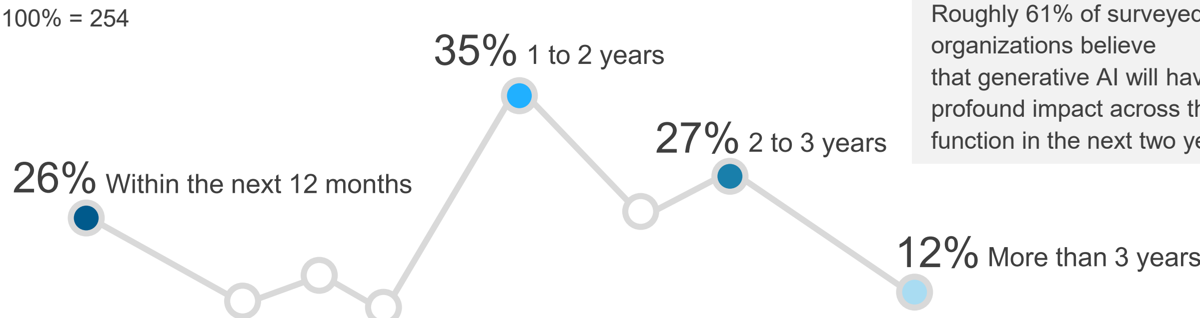
The state of generative AI in finance

Source: The Role of Experience in Driving Finance Transformation Survey 2023

Expected time for the finance organization to achieve significant impact from generative AI adoption

Share of respondents

100% = 254



Roughly 61% of surveyed organizations believe that generative AI will have profound impact across the F&A function in the next two years

Current generative AI adoption maturity of finance organizations that expect significant impact of generative AI in the next two years

Share of respondents

100% = 153

26%

Laggards

- Wait and watch – evaluating the potential of generative AI on F&A
- Generative AI is not a key priority

74%

Early adopters

- Implementing generative AI-based solution(s) that is/are expected to go live within the next year
- Implementing generative AI-based solution(s) that is/are generating RoI for the finance organization
- Preliminary investments in a few Proofs of Concept (POCs)

While 37% of survey respondents stated that generative AI was not a key priority for them or that they had adopted a wait-and-watch position, the majority were investing in generative AI PoCs, solutions that are expected to go live within a year, or solutions already generating some RoI. Notably, 40% of organizations that had made preliminary investments in generative AI PoCs, anticipated a significant impact of generative AI solutions on FinStX. This expectation rose to 78% for organizations that were already reaping some RoI from their generative AI solutions, signaling a significant progression in the perceived impact of generative AI solutions in improving FinStX for organizations across different stages of the generative AI adoption cycle.

However, while generative AI's attractiveness in improving FinStX is widely accepted and being actively explored, its impact across broader finance operations is yet to be tested. Concerns such as data security and privacy and its potential for generating false positives are resulting in measured expectations from the adoption of generative AI in F&A. Any large-scale adoption of generative AI will also need an accompanying RoI assessment against existing technologies for similar tasks in F&A.

Potential roadblocks

Improving FinStX is more complex than it may seem – organizations need to overcome multiple hurdles, as Exhibit 6 depicts.

EXHIBIT 6

Roadblocks to improving FinStX

Source: The Role of Experience in Driving Finance Transformation Survey 2023

Low ○○○○○ High

Roadblocks to improving FinStX	Impact on overall finance experience	Impact on customer-to-cash operations
Fragmented data/technology landscape	●●●●○	●●●◐○
Lack of industry-contextualized solutions	●●●◐○	●●●◐○
Poor change management adoption (communications and training)	●●●○○	NA
Internal stakeholder misalignment	●●●○○	●●●◐○
Talent does not understand the domain / business context	●●●○○	●●○○○
No/Limited mechanisms to gather feedback (lack of a robust feedback loop)	●●◐○○	●●◐○○
Poor risk mitigation processes, tools, frameworks	●●○○○	●●○○○
Operational complexities (invoicing and billing errors, dispute resolution, etc.)	NA	●●●●○

More than half of our survey respondents believed that a fragmented data and technology landscape was a major impediment to improving FinStX. A fragmented data landscape creates data silos, with information stored in individual systems, resulting in difficulties in consolidating data and deriving actionable insights into stakeholder preferences. Fragmented systems mean more manual interventions, which may result in more errors creeping into processes, slow-paced operations, inconsistencies in standard procedures, and vulnerabilities in systems.

Above 50% of survey respondents also highlighted the lack of industry-contextualized solutions as a major challenge in improving FinStX. Finance is a highly specialized field, requiring specialized solutions in judgment-intensive processes. Consequently, processes that require regional and industry-specific nuances, such as tax and regulatory reporting and techno-functional and multi-disciplinary talent are vital for organizational success. Generic solutions may not adequately address the nuanced needs of stakeholders, resulting in frustration, inefficiencies and a poor FinStX.

From the customer-to-cash operations standpoint, operational complexities and internal stakeholder misalignment also emerge as major roadblocks. Operational complexities may cause delays in the creation of invoices, which may impact cash flow and the ability to collect payments. Complex pricing structures and specialized contracts may make the problem worse. Further, ineffective credit management can harm a company’s financial health and client relationships and result in delayed collections or even improper credit choices.

Last, an important roadblock to overcome in customer-to-cash operations is internal stakeholder misalignment. Inconsistent messaging and misunderstandings may result from inefficient internal communication across the sales, billing, collections, and customer support teams, and this misalignment can adversely impact FinStX.

The role of providers in improving experience

Providers are playing an important role in assisting finance organizations in achieving key business objectives, such as revenue and growth, cost and profitability, working capital and liquidity, ESG and sustainability, and stakeholder experience. The majority of survey respondents agreed that providers were generating the highest impact across transformation levers such as AI, D&A, and automation. They can support the deployment of these transformation levers within the organization and bring customization, integration, and contextualization capabilities. They can also assist in data migration, employee training, and change management efforts to ensure smooth transition and implementation for the finance organization.

More than 60% of respondents stated that providers had a high level of impact across FinStX.

A provider's impact on customer experience can be both direct and indirect. When providers bring the transformation levers that customers directly interact with (for example, chatbots and virtual agents), they directly influence customer experience. However, many of their transformation levers also impact the internal finance function, improving the service that the retained organization can deliver to the customer.

Furthermore, 72% of survey respondents acknowledged that providers had a significantly high impact on investor/regulator experience in their finance functions. Providers' expertise in data management and financial and compliance reporting capabilities helps provide accurate and prompt financial information to investors and regulators. They are also supporting organizations through data and cyber security solutions to protect investor data and prevent breaches and financial fraud, which helps enhance investor confidence and regulatory compliance. This ultimately strengthens the satisfaction of investors and regulators and improves their experience when interacting with such organizations.

Third parties versus captives

Most survey respondents acknowledged that providers have slightly more impact than captives / GBS setups in improving FinStX and generating value across finance transformation levers such as AI, D&A, automation, and talent management, as Exhibit 7 shows.

EXHIBIT 7

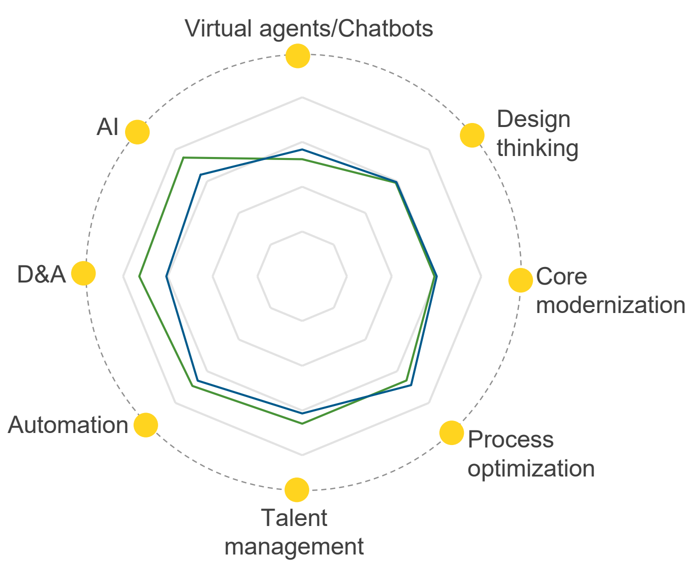
Impact of third parties versus captives on various transformation levers and FinStX

Source: The Role of Experience in Driving Finance Transformation Survey 2023

Current impact of third-party F&A service providers vs. captives on various finance transformation levers

Share of respondents

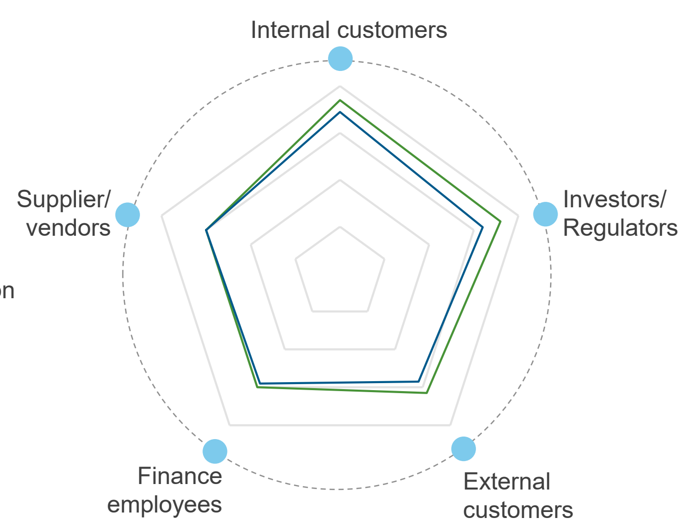
Service provider · Captives



Current impact of third-party F&A service providers vs. captives on improving FinStX

Share of respondents

Third party · Captives



While shared services organizations may better address in-house control, develop customized solutions, ensure seamless integration, and align culturally with their parent organizations, third-party providers have emerged as strategic partners in recent times due to their specialized industry expertise, core finance competencies, resource scalability, strategic support capabilities, advisory services, and technology partnerships.

Conclusion

Despite economic challenges and the imperative to focus on revenue and profitability, finance organizations are embracing stakeholder experience as an integral driver of long-term success. Experience for organizations takes various forms and involves various financial stakeholder interactions within the organization, including customers, suppliers, investors, regulators, and employees.

D&A, AI, and automation have emerged as the top transformation levers to improve FinStX, with interest in and the adoption of generative AI also increasing in recent times. Additionally, organizations can partner with third-party providers due to their expertise and tailored offerings that optimize financial processes, ensure regulatory compliance, and foster a customer-centric approach. Such partnerships will enable organizations to streamline operations, ensure accuracy, and facilitate seamless communication and collaboration across finance stakeholders.

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