



In Conversation

In Conversation with Daniel Mason

Carol Baker

Prophix's Managing Director, Daniel Mason discusses his vision of Finance in the future, and why we are now seeing the shift and perception of the finance function change within businesses?

Daniel Mason is Managing Director at Prophix (www.prophix.com) and is responsible for the UK operations, including sales, marketing and professional services. As the UK business continues to experience high growth so does its importance as a region to the overall growth plans of Prophix Software.

Working directly with finance and operational teams in medium to large enterprises, Daniel is laser-focused on helping businesses with their Corporate Performance Management challenges.

A virtual veteran in the CPM industry, Daniel started in CPM over 14 years ago, combined with his over 20 years of Sales & Marketing experience.

Daniel plays the long game, as an avid marathon runner.



Q: Tell us about your vision of Finance in the future, and why did you decided to publish the Future Finance: The Heart of Tomorrow's Business (<https://goo.gl/4fFWKL>) whitepaper devoted to the subject?

A: Sit 20 finance professionals around a table, challenge them to discuss the future of the finance function – and whether they work in healthcare or housebuilding, start-ups or regulators – they will all recognise a consistent set of pressures, both internal and external effecting their organisation's performance. Finance has always been the home of the truth inside an organisation – the numbers, as they say, don't lie. But the numbers to which finance has access are often retrospective. Increasingly, sales, marketing and operations have been investing in developing numbers in real-time – perhaps even predictive. CRM, marketing automation and analytics are offering leaders greater insight into the pipeline than ever before – and in many ways, this seems to be changing the role of finance.

Q: How much do you think this is down to technology?

A: Clearly, technology is not always being as well utilised in the office of finance as other departments. Previously, the finance department was the home of computing where its use in crunching numbers and delivering payrolls in a



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fraction of the time and cost of the human labour equivalent was the envy of other areas of the business. Now other areas of the business have been faster to adopt new technologies and are taking primacy as owners of 'the truth' within a business.

Q: With so much competition between different areas within the business, how can the modern finance function be truly defined?

A: Most departments within a large organisation are only charged with looking in one direction. Sales and marketing look forward: 'where's the next success coming from?' Production and distribution look forward: 'how do we make the right number of the right things and get them to the right places?' Support and customer service look backwards: 'how can we support the sales we've already made?' There might be brief periods where their attention switches ('why didn't we close that sale?', 'how can we avoid that mistake next time?') but for the vast majority of the time, their attention is wholly focused in one direction. Finance is the exception to this rule.

Finance is charged with looking backwards and forwards, always expected to take account of prior performance when forecasting the future. Of all the departments, finance has the best perspective on the company's progress as measured through time. It also has the broadest reach across the company in terms of connections. Ultimately almost everything a company does is routed through finance at some point. Perhaps it is this breadth of reach and perspective that has started to change the perception of the finance function within the business.

Just a few years ago finance remained the dull, functional but vital department that did the necessary number-crunching. Today, the finance department is increasingly a driver of strategy and leadership, not just a support function. Tomorrow's finance team may be smaller, but it will be highly skilled.

Q: What do you think has been important in changing the shift and perception of the finance function within businesses?

A: Evidence for this shift comes from many sources. For example, the increasing propensity for CFOs to go on and take the CEO role. A 2014 BearingPoint study of Global Fortune 500 CFOs found that over the preceding ten year period, 26% had transitioned to CEO, either in their own or another business.

Q: Do you think the finance function has ridden the digitalisation wave yet?

A: Finance was where the IT department started in many companies and it remains under the reporting line of the finance director/CFO in a significant



proportion. As IT has become an increasingly core part of every business, so finance's role has been more visible. Finance always becomes more important in times of uncertainty – something borne out by the BearingPoint study, which showed that financial uncertainty always boosted the CFO's case for the top job. Though the post-crash years have been difficult, you can argue that we are now entering a period of unparalleled uncertainty – not just financial but existential.

The accelerating pace of change in world business means that companies will be more reliant than ever on the ability of the finance function to look forwards and back, and to link the disparate functions of the company in to a coherent and comprehensible whole. This is what we mean by the modern finance function and this is why its development in all organisations that want to survive and thrive is vital.

Q: Lots of organisations have tried to define the modern finance function, using a variety of different terminologies and approaches. How is the Profix approach different?

A: In the future, the finance function will spend an increasing proportion of its time on forward-looking activities as retrospective functions can increasingly be automated. But the ability to offer foresight and intelligence to drive better decision-making isn't yet widely held.

Understanding both the principles and the broad business context, and having the skills to manipulate data using the relevant tools will be a valued combination. Not only will this help transform the finance function, we strongly believe that it is then transformation is no longer optional, but vital. The returns are more than potential gains, they might be about survival if competitors gain greater agility through this change. We have identified five keys in our research which are necessary for any business to transform its finance function and prepare itself for both the present and the future.

In our recent whitepaper *Future Finance: The Heart of Tomorrow's Business* (<https://goo.gl/4fFWKL>) we show the crucial steps which every organisation must now take to develop a truly modern finance function.