



COVID-19 AS A CATALYST FOR **INDUSTRY 4.0**

CFOs have a unique opportunity to shape the post-corona reality in the manufacturing sector.

[SYSPRO 2020 Manufacturing CFO 4.0 Survey Report](#)



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Executive Summary

Much of what has been written about COVID-19 has tended towards the apocalyptic. Whilst the effect of the pandemic on manufacturing industries is hard to overstate, CFOs deal in data, and base conclusions and decisions on empirical evidence. To understand the true impact of COVID-19 on the sector and the profession, SYSPRO has conducted a global online survey to assess CFO sentiment around this 'black swan event' as 2020 draws to a close and we look to a future that has been dubbed the 'new normal'.

While some governments seem to be floundering when it comes to pandemic exit strategies, manufacturing industry CFOs are looking beyond the current crisis and strategising as to how their organizations can pivot to flourish in these changed circumstances.

The evidence from this survey – presented and assessed in this report – indicates that optimism amongst CFOs remains resilient. Even more importantly, the results reveal changing investment priorities that are directly aligned with an accelerated move towards Industry 4.0

In the process, the responsibilities of the CFO will necessarily continue to grow as the evolution of the CFO 4.0 role speeds up. Trends that have been developing for some time will become more apparent as the role of the CFO becomes increasingly strategic and more focused on risk management in a world that suddenly seems much more hazardous.

With CFOs growing into their newly expanded role, they will have even more influence over investment decisions that focus on sustainable growth, thereby equipping their organisations to thrive in a less-certain future.

The SYSPRO Manufacturing CFO 4.0 Survey was conducted using the online self-completion Survey Monkey platform between 22 September and 20 October 2020. The link to the survey was sent to financial decision-makers (C-level executives) in Africa, APAC, the USA, Canada and Europe. CFOs were selected based on seniority and engagement in the following manufacturing sectors: Manufacturing & Distribution, Food & Beverage, Metal Fabrication, Automotive Parts & Components, Electronics, Packaging and Industrial Machinery & Equipment.

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“Despite these downgrades, we remain very comfortable with our above-consensus longer-term view. Beyond the US fiscal boost and our expectation that the renewed European lockdowns will reduce virus spread, this reflects our continued optimism about a coronavirus vaccine.” Goldman Sachs, Macro Outlook 2021:
A Vaccine-Shaped Recovery

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The Return Of Business Confidence

The forecast timeframe for trading recovery is taking shape – and it may surprise you.

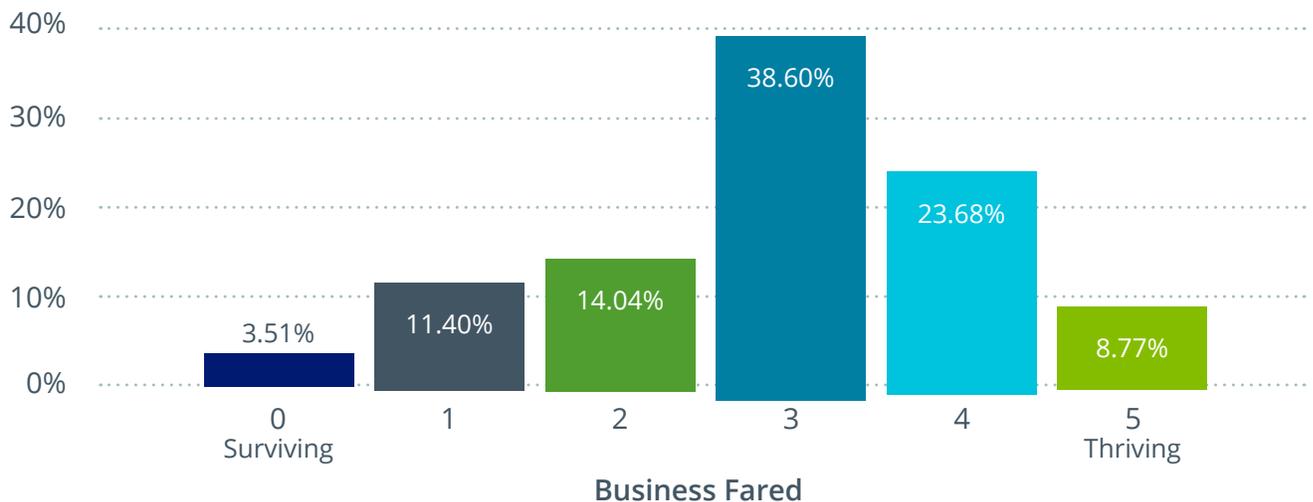
The SYSPRO Manufacturing CFO survey was conducted in October 2020, by which time the manufacturing sector has had several months to adjust to the coronavirus pandemic and the various measures taken to mitigate its impact. Our survey attracted responses from the APAC and EMEA regions, as well as the USA and Canada.

Given that senior finance leaders have access to both financial performance data and projections, their assessments of the impact of COVID-19 and, crucially, how long this will endure, are telling.

Sufficient time has now passed from when the coronavirus pandemic first emerged (it was announced as a pandemic by WHO on 11 March 2020) for CFOs to be able to assess how their businesses have fared.

Using a numerical scale of 0 (worst) to 5 (best), the median answer was 3 (given by almost 40% of respondents), indicating that (although the events of 2020 are unprecedented), enterprises had fared about as well as expected during the pandemic. This speaks to the ability of senior finance leaders to assess and model based on available data, and their agility in adapting to the rapidly changing situation they found themselves confronted with.

Drilling down into the data, it's clear that the size of an organization played a vital role in determining its ability to weather the coronavirus storm. Companies with 51+ employees were significantly more likely to report having fared as well as, or better than expected.



This pattern was particularly pronounced in the APAC region (where 75% of respondents gave an answer of 3, 4 or 5) and Canada (73% of respondents), and over 58% of respondents from Africa gave an answer of 3, 4 or 5. While a much more mixed picture emerged from responses received from the USA (answers 2, 3 and 5 were each given by very similar numbers of respondents). This could be caused by the fact that (as of the time of writing) the USA has experienced more COVID-19 cases and more deaths than any other country, suggesting a universal business impact.

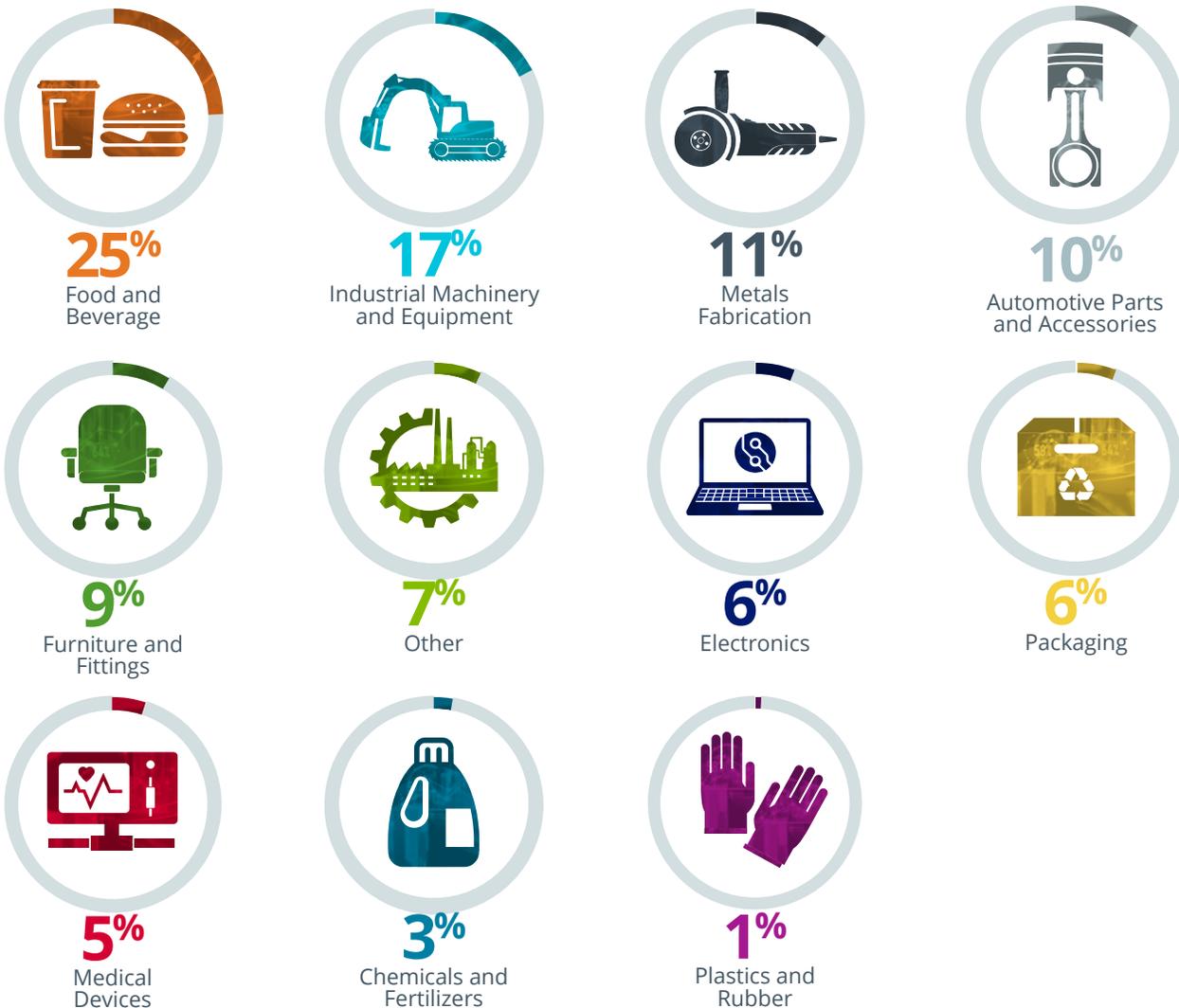
The extent to which organizations were involved in the production/distribution of essential goods will have determined (in many cases) the degree of impact that lockdown restrictions would have had on their ability to conduct business as usual.

This is reflected in the fact that of the manufacturing sectors represented in the survey responses, the most robust responses came from Food & Beverage companies. As many consumers were unable to eat out of home, groceries took up a much larger slice of household expenditure. This trend came across very strongly in the APAC region (where some of the earliest and strictest lockdowns were implemented) but again, less so in the USA – perhaps due to varying regulations imposed at state level, and greater popular resistance to complying.

An additional factor in how well businesses fared was the extent to which they were able to augment their existing digital activities and adapt to ecommerce models.

Pandemic experience by manufacturing sector

(% of respondents whose businesses fared as well as, or better than expected.)





Confidence is Infectious

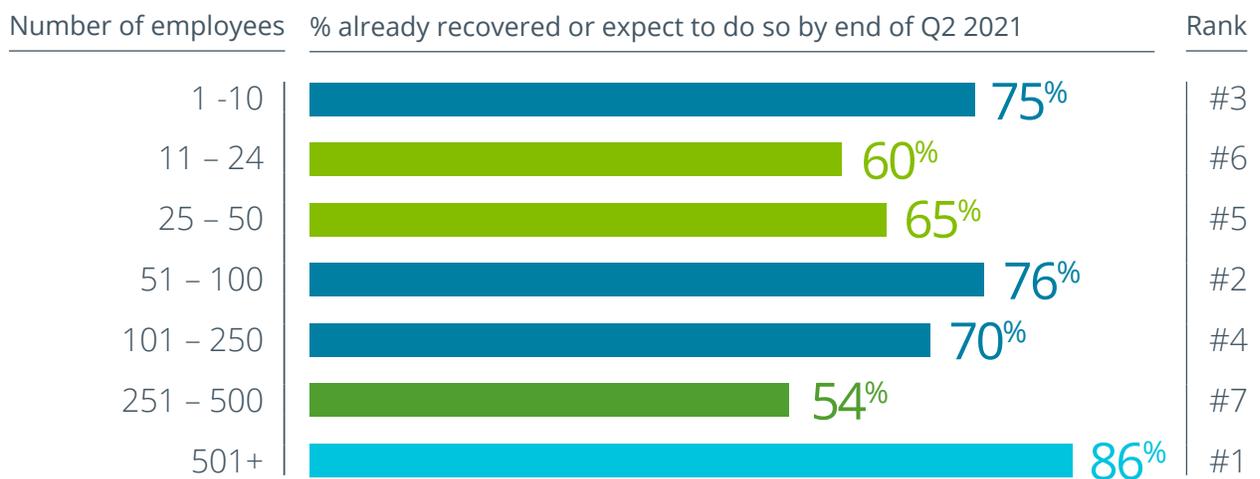
Overall, some **47%** of businesses have already recovered or expect to do so by the end of 2020. A further **31%** expected to return to pre-pandemic trading conditions by the end of Q2 2021. That timeframe encompasses just over a year since the pandemic really started to make its presence known outside of China.

As an overview, this suggests a reasonably high level of confidence in the recovery. Again, size of organization plays a role, although the patterns are not immediately obvious. Based on the responses received, the largest companies (those with over 500 employees) are most likely to foresee a more immediate return to pre-pandemic trading conditions, suggesting that scale brings with it a degree of (perceived) resilience.

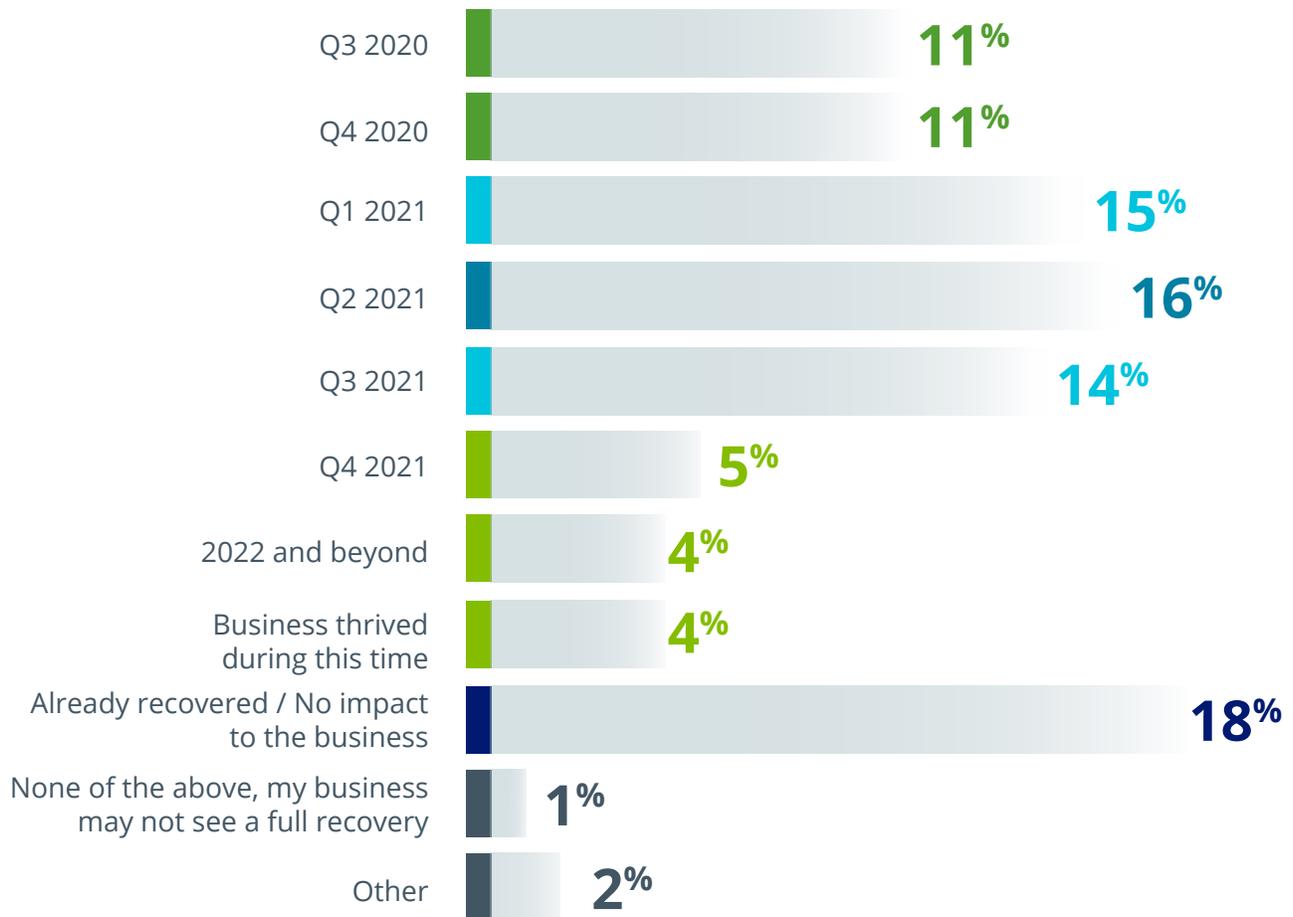
Looking at the data on assessment of business health during the pandemic, and predicted recovery, there is a suggestion that the largest and the smallest (and perhaps therefore most agile) enterprises are best placed to recover, while confidence seems lowest in medium-sized firms (especially those with 251 – 500 employees).

Quarter return by size of organization

(organizations that did not report thriving during this time)



When will conditions get back to normal for your organization?



This confidence has withstood the predicted 'second wave' gathering pace. Government stimulus plans and the general relaxing of lockdown restrictions (although some of these have subsequently been reversed) have contributed to the positive sentiments expressed by CFOs in our survey. However, stimulus plans are at best a stop-gap measure and as governments retract them, this particular cause for optimism may falter.

The events of 2020 have brought into sharp relief the role of governments in supporting companies within a capitalist system. While there could be said to be a social contract regarding benefits and job creation for individual citizens, government intervention on a company level is much rarer.



“Just as the global economy rebounded quickly (albeit partially) from the lockdowns in the spring, the expectation is for the current weakness to give way to much stronger growth when European lockdowns end and a vaccine becomes available. One important assumption underlying the forecast is that governments continue to do a reasonable job replacing private sector income lost in the disruption.” Goldman Sachs, *Macro Outlook 2021: A V(accine)-Shaped Recovery*



The levels of optimism uncovered by our survey suggest that CFOs – who are increasingly responsible for risk management in their organizations – now see COVID-19 as manageable in a business context, rather than terminal.

But Pessimism Also Exists

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“We’ve shaved our numbers a bit at least for 2021 for effectively one big reason: The COVID resurgence we’ve seen in the US and especially in Europe,” Jan Hatzius, Chief Economist, Goldman Sachs

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Almost 23% of businesses expressed fears that they would not see a return to pre-pandemic trading conditions until the second half of 2021 at the earliest, or even into 2022. Industries that were heavily represented amongst less optimistic respondents included Electronics (where almost 34% of respondents only foresaw a return in the second half of 2021 or later), Metals Fabrication (over 13% of respondents), Plastics and Rubber (50%) and Automotive Parts (over 14%) due to anticipated sustained softer demand for devices, appliances and vehicles.

Interestingly, the Food & Beverage industry (21% of respondents), which might be expected to lead the recovery due to increased consumer demand for groceries, also yielded more pessimistic responses to this question.

All responses for the Medical Devices industry (other than the 14% of enterprises which had experienced no impact or had already recovered) suggested that recovery was only anticipated during 2021.

Due to the very specific nature of the pandemic, only manufacturers of certain devices (such as ventilators) will have experienced an uptick, whereas other suppliers have seen demand tail off as the healthcare focus has been almost exclusively on COVID-19.



Global Concerns, Local Impact

The strategic nature of the CFO 4.0 role is clearly reflected in responses to questions around the top concerns that senior financial leaders have as a result of the role expansion evidenced in the survey.

Much as with the sub-prime mortgage and Asian financial crises, there are concerns about a global economic downturn (voiced by 69% of respondents) and also disruption to the global supply chain (52%). This suggests that the global picture will cast a shadow over any more localized recoveries and speaks to globalisation and the interconnectedness of the global economy. The last point is particularly relevant in the case of enterprises that depend on reliable supplies of raw materials or components from overseas.

Top concerns expressed by CFOs looking to a post-corona world

(% of survey respondents flagging each concern):



Whereas the move to onshoring (especially in the USA) pre-pandemic was being driven by political considerations, the new fragility of global supply chains is now a more powerful argument for onshoring. With the free movement of human capital also now much more constrained, upskilling the local workforce will become more feasible than importing talent.

In addition to these macro-level concerns, concerns around financial management are also apparent. A very real sense emerges of the need to protect cashflow (with the timing of investment decisions a concern for 41% of respondents) and also to shore up balance sheets by actively seeking new revenue (44%).

It's clear that the anticipated recovery will be driven by new opportunities – but also that these could be harder to find. Additional costs will include a renewed focus on marketing, plus implementing COVID-compliant operating procedures and having to meet demand despite reduced operating capacities.

The timing of investment decisions – whether before or after new revenue has been secured – will be crucial. Again, this suggests the vital role that CFOs will have as architects of the return to pre-pandemic trading conditions (albeit set against a backdrop of global uncertainty).

Identifying Bottlenecks

In almost every manufacturing sector represented in the survey, and across all regions, product has emerged as the most important bottleneck (cited by 42.11% of respondents) – this speaks to the global supply chain disruption identified as a top pandemic fall-out concern, plus the need to rethink supplier management and procurement and sourcing business models.



Reasons To Be Cheerful

- Despite exceptionally challenging business conditions during 2020, a degree of confidence is apparent throughout the profession.
- As a CFO, you occupy a strategic place in your organization from which to manage the trading recovery.
- A sound grasp of business finance will ensure spending decisions are made timeously and in ways that can unlock new revenue streams.



KEY FINDING
#2

Manufacturing CFO's Will Play a **Vital Role**

As a CFO 4.0, you'll be instrumental in engineering the bounce-back – and you're uniquely placed to influence how and when it's achieved.

Cash Is Still King

As part of the ongoing recovery, a stabilization phase will likely be needed. This will require a renewed focus on financial controls to protect cashflow and extend enterprise runways.

Almost **83%** of respondents identified cost-cutting (curbing discretionary spending and reducing overheads) as a strategy that they would be implementing, with restructuring roles and functions (cited by **70.18%** of respondents), with expanding revenue models and debt collection (both **66.67%**) also highlighted.

While cutting costs is hardly a new concept, the threshold for unquestioned costs is likely to be raised still higher. Discretionary expenditure, by its very nature, is a soft target for cuts. The #WFH revolution has called into question many business costs that were previously accepted, including commercial real estate rents and levies, travel costs and employee benefits directly linked to shared work environments.

CFOs will need to rigorously question each investment as part of the new way of doing business. Key factors will be:

- **Pigeonholing** spend categories as a control mechanism
- **Downsizing** – this links to the focus on upskilling and creating a more productive workforce
- **Incorporating technology** – integrating automation and new software solutions
- **Reduced inventory** holding through better inventory management
- **Restructuring** – including facilitating remote working and collaboration

Despite the changes to established working practices in the manufacturing sector, traditional CFO functions will still be very much to the fore when it comes to ensuring business survival in the aftermath of the pandemic.

Cost-cutting, debt collection and revenue expansion are all ultimately traditional CFO Key Responsibility Areas (KRAs), whereas restructuring roles and functions to optimize best employee skills usage speaks more to the expanded CFO 4.0 role.



Whereas these human factors might traditionally have been seen as being outside the remit of CFOs, they have a direct causal link to the financial performance of the business. Two complementary trends can be identified: reducing headcount to save costs, and upskilling employees to enable them to add value through the use of new technology.

Whereas people can work remotely, manufacturing processes cannot easily be distributed from existing centres. Automation will play a key role in reducing manufacturing costs as workforces are optimised and shift towards having fewer but more highly skilled members.

Technology-based jobs can be easily converted to remote-working opportunities; however, the challenge lies in managing the transition away from 'incompatible' jobs i.e. relatively low-skilled, repetitive manual roles that can be easily supplanted by robots.

A key CFO task will be evaluating the CAPEX costs of new technology versus ongoing operational costs associated with less-skilled workforces.



Identifying 2021 Priorities



Maintaining margins (identified as a priority by **70%** of respondents) and managing cashflow (**68%**) are classic CFO functions; they are fundamental to successful business operations regardless of prevailing macroeconomic trends or the emergence of new pathogens.

Within these priorities is evidence of the shift to CFO 4.0 – respondents identified improving visibility into performance and operations (**40%**) and utilizing ERP for automation, data accuracy and reporting (**46%**).

This clearly points to the confluence of Industry 4.0 and CFO 4.0 – in addition to managing financial KPIs, CFOS will be expected to make informed technology investment decisions as a way of ensuring the interconnectedness of all aspects of manufacturing operations, as well as leveraging Business Intelligence to acquire and assess data that can then be used as the basis for strategic decisions.

The responses to our Manufacturing CFO 4.0 survey highlighted an inherent contradiction between the expressed need to focus on cashflow and respondents indicating that they intend to pay upfront for new technology. This suggests a reluctance to take on debt, but also hints at urgency around instilling automation. Some 78% of survey respondents indicated that cash outlay/straight purchase will be their preferred method of financing digital transformation initiatives.

CFOs have clearly recognised the transformative potential of automation and Enterprise Resource Planning (ERP) software. The fact that only 14% of CFOs identified reducing their reliance on spreadsheets and other limited-scope software as a priority suggests that more sophisticated systems (such as ERP) have already emerged as a key plank in the post-pandemic evolution of manufacturing businesses.

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“The new ERP system is already bringing in much greater levels of visibility and stock control, which has improved our procurement operation. For our customers, it will enhance our service levels and overall satisfaction with more accurate and timely billing”

Hazel Barton – Financial Controller, Fiddes Payne, UK

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Managing Risk To Remove Obstacles To Growth

When it comes to risk management, it is to be expected that a more conservative outlook will be adopted. Caution is, after all, the ultimate risk management tool. Although CFOs have to manage the tension between short-term COVID-19 responses and the long-term (or recovery) phase of this cycle, inevitably, maintaining margins (70%) and managing cashflow (also 68%) emerge as the most important risk-management tasks.

Given the levels of optimism identified among survey respondents (despite the continued presence of COVID-19, the elephant in the room), it should come as no surprise that CFOs are seeing targeted, measured investments as key to establishing a sustainable recovery.

Technology is consistently flagged as a priority investment target – there is a growing realisation that only through implementing software and technology upgrades can business goals be achieved.



As their role grows and evolves, CFOs are becoming more aware of the vital contribution that technology and ERP software can make to achieving business priorities and mitigating risks.



The Pandemic Will Accelerate Industry 4.0

Amidst the disruption, recent trends will receive a welcome boost as manufacturing adjusts to a post-corona world.

Industry 4.0 has been a reality for at least the last 5 years. This fourth Industrial Revolution will involve just as historic a shift as the previous three, only it will be predicated on connectivity, not coal. Industry 4.0 is seeing smart technology contribute to automation of manufacturing processes, while advances such as IoT and Machine Learning is allowing internet-enabled devices to communicate with each and make decisions based on data, often without human intervention.

Manufacturing plants of the near future will be very different: automation will mean lower headcounts, while the workforce will comprise of highly skilled technicians using data rather than tools to manage asset lifecycles and manufacturing processes.

Industry 4.0 will see seamless integration between all stages of the manufacturing process and the supply chain. Smart devices will make better decisions, saving costs and increasing efficiencies to unprecedented levels.

The disruption caused by the coronavirus pandemic has exposed weaknesses in the current manufacturing set-up, with its reliance on humans to actively manage processes onsite. As organizations have responded to the challenges of COVID-19 and there has been a dispersal of workforces, there is a growing realization that bringing large numbers of people together in manufacturing settings may no longer be feasible or safe.

Automation facilitates social distancing through reducing the number of people that need to share any given area. Machine-to-machine (M2M) communication and connected devices also reduce the need for people to physically visit the shop floor.

Reimagining factories to make them COVID-compliant can only be achieved at a cost; our survey of senior finance leaders suggest that this is not a short-term current priority, with just **19.3%** of respondents citing replacing ageing machinery as one of their top 5 business priorities for 2021. Rather, the emphasis is on investing in technology to make manufacturing smarter and less vulnerable to pandemic disruption.

Although we have not yet reached the post-pandemic world, it's clear that one of the most significant consequences of COVID-19 will be a further acceleration of Industry 4.0 throughout the manufacturing sector.

Strategic Decisions For Operational Efficiencies

As a result of the pandemic, several trends are converging:

- The need to manage cashflow more carefully than ever (a priority in 2021 for almost **68%** of respondents);
- The need to ramp up manufacturing efficiencies; and
- The need to invest in new technology to deliver the benefits of Industry 4.0

It is on the strategic level that the transition from traditional CFO responsibilities towards the CFO 4.0 role first becomes apparent as CFOs use strategic investment decisions to drive the Industry 4.0 agenda.

In their quest for operational efficiencies, CFOs are clearly aware of the existence of advanced technology and of the benefits it offers. The efficiency priorities highlighted by survey respondents reflect both traditional manufacturing mindsets and, increasingly, an embracing of industry 4.0

Survival Through Expansion

Being a CFO necessarily means taking a longer-term outlook; as the role of the CFO continues to broaden in scope, the areas of focus will expand well beyond what might be seen as the traditional finance function.

The challenge for the CFO 4.0 will be to continue to deliver financial leadership whilst also focusing on more strategic and operational aspects. This was revealed in perhaps the most telling question in our survey.

We asked global manufacturing CFOs which areas they would be focusing on over the next 5 years, and their answers clearly point to a profession in transition. In support of Key Finding #1 (see page 4), the most referenced focus areas suggest a degree of optimism that may not be shared at every level of the organization.

However, given that CFOs have access to the most in-depth business performance data and the skillset necessary to make accurate predictions based on it, it is especially heartening that they see not just their own roles, but the scope of their business operations expanding over the next 5 years (some **67%** of respondents listed expanding into new markets as an anticipated focus area within their roles over the next 5 years).

Survey respondents also demonstrated a clarity of vision in laying out a roadmap as to how this could be achieved. The two focus areas referenced by most survey respondents were expanding into new markets (**67%**) and increasing marketing and sales (**68%**) which are of course complementary endeavours.



Over the next 5 years, which areas of the business will you be looking to focus on?



They also speak to a realisation that change is necessary as well as inevitable. The coronavirus pandemic may prove to be a hundred-year event (like the Spanish Flu pandemic of 1918), which would reduce its significance to strategic planners.

However, the very factors that have made COVID-19 so problematic (not least the interconnectedness of the global economy and the ease and speed of international travel) are also some of the same factors that will shape manufacturing in the near future.

Epidemiologists are warning that global health crises like COVID-19 could become much more frequent occurrences; given the scale of disruption this virus has caused, it would be foolhardy to bet against this.

Rather, the smart money is on realigning manufacturing businesses to boost their resilience. Expansion unlocks new revenue streams and reduces reliance on individual markets. Any repositioning (whether in terms of product, process or people) must be credible; hence the emphasis on marketing and sales to support business reworking. Planned investment in marketing suggests confidence and potential.

This is also reflected in the expressed intention of 47% of respondents to focus on investing in R&D and new products or services. In post-corona world, the needs of clients and consumers could be very different, and manufacturing organizations will need to retool to address changing demands and expectations.

New Skills For A New Economy

While investment in technology will be vital to sustain the growth of Industry 4.0, the human aspect must not be overlooked. A key factor of Industry 4.0 is the fusion of technological and human capital; highly skilled employees will be required to install, service and benefit from ERP and BI. While smart machines will increasingly shoulder the burden of informed, minute-by-minute operational decisions, it will still be people – and especially CFOs - who retain responsibility for strategic oversight.

Upskilling of personnel is emerging as a key focus area for CFOs – and provides further evidence of how the role of the CFO 4.0 will take shape. Highly skilled employees who are completely au fait with ERP and BI software and systems (as part of the overall increase in the importance of Big Data in driving and informing business decisions and processes) – and able to use them to their full potential – will add immense value.

Plans to invest in robotics and automation (expressed by almost 51% of respondents) provide further evidence of the role that CFOs will play in bringing Industry 4.0 to fruition – and support the headline Key Finding that the coronavirus pandemic has only accelerated the adoption of Industry 4.0

While popular media stirs up fears of entering into a viral age, it's clear that we're now in the 'Cognocene' – the age of knowledge. Allied to this is the importance of maintaining a positive, data-based outlook. COVID-19 may be unprecedented in living memory, but sound financial management and investing in longer-term strategies will enable manufacturing organizations to survive beyond it.



KEY FINDING
#4

CFO 4.0 is Now **The Reality**

Through impacting strategy and enabling implementation, digitalization is placing new demands on CFOs – but also empowering them to be more influential within manufacturing enterprises.

The most successful exponents of CFO 4.0 will be those senior finance leaders who embrace the potential of digitalization to transform the finance function.

This function touches on every aspect of manufacturing operations; therefore, CFOs are ideally placed to make investment and implementation decisions relating to software and systems, as well as manufacturing assets including robots and other automated plant). Departments within an organization that can be prone to more of a silo mentality may well lack the enterprise-wide oversight that powers impactful strategic decision making.

The CFO 4.0 function will rest on an acceptance of the operational role that digitalization will play. It is not purely a technological question, but rather something that exists at the confluence of human, financial, technological and organizational factors.

Of course, these are all inter-linked. New digital possibilities expand what can be achieved in a strategic sense as well as driving shopfloor efficiencies. They require a skilled workforce, but also open the door to new opportunities.

With the realization that the reimagined finance function is integral to Industry 4.0 has come an expectation on the part of CFOs that their role will continue to expand. To some extent, this is a ‘chicken and egg’ scenario – increased digitalization means more and better business data to analyse, leading to a wider remit for CFOs; at the same time, the CFO remit demands the volumes and precision of data that only ERP can deliver.

It is clear that CFO 4.0 is already the reality, and the manufacturing sector response to the pandemic will give CFOs a unique opportunity to cement the gains made.



Expansion Imminent

While the business areas that CFOs reported already being responsible for contained few surprises, the survey responses yielded clues as to how and why the role will change. The KRA reported by more respondents than any other was Enterprise information and reporting (91%); given that this falls so firmly on the CFO's desk, diverting data streams generated by connected devices to the same destination would make perfect sense, as it would allow CFOs to leverage the potential of Business Learning to make this flow of data more meaningful.

Risk management (79%), Regulatory compliance (74%) and Internal audit (73%) could also be said to be core financial functions – again, they suggest an oversight role that gives CFOs visibility into all areas of the business and provide a solid grounding on which to build the CFO 4.0 role. These findings also speak to the breadth and importance of financial leadership within manufacturing organizations.

An assessment of how survey respondents see their role changing both in 2021, and then 2022 and beyond, show clear patterns that support our key findings and illustrate how the CFO 4.0 role will support Industry 4.0:

The CFO role now and into the future - adding new responsibilities.

 2020 <i>Currently responsible</i>	Enterprise Information and Reporting	Risk Management	Regulatory Compliance	Internal Audit	Business Strategy / Board Engagement
	91%	79%	74%	73%	68%
 2021 <i>Near-future</i>	IT Digital investment	Pricing of product and services	Investor Relations	Business Strategy / Board Engagement	Supply Chain Optimization
	15%	11%	9%	9%	8%
 2022 <i>and Beyond</i>	Mergers and Acquisitions	Cyber Security	Investor Relations	Business Strategy / Board Engagement	
	11%	4%	4%	4%	

The most-important near-future addition to the existing CFO responsibilities, namely investing in digital technology, is a clear nod to the role that CFOs will play in spearheading Industry 4.0 – and this investment will pay dividends as the data generated by smarter, more connected machines informs additional role expansion based on connectivity and information-sharing.

As we move into 2022 (by which time it is hoped that the pandemic will be in retreat), the more strategic aspects of CFO 4.0 will come to dominate. In 2021, 9% of CFOs surveyed expect to become more involved in business strategy; in 2022, 11% anticipate being involved in Mergers and Acquisitions activity.

This hints at how optimistic predictions of expansion (see Key Finding #1, page 4) could come to pass: those manufacturing companies which are unable or unwilling to make the leap to Industry 4.0 could become vulnerable as takeover targets for more successful competitors who have benefitted from growth driven by technology and real-time data-sharing and analysis.

CFO Skills And Competencies – The Way Forward

Fittingly, the final question on our Manufacturing CFO 4.0 survey asked respondents to look to the future. Interestingly, this is where it became most apparent that CFO 4.0 will be an evolution rather than a departure – it will see senior financial leaders draw on their existing skillset and augment it with the capabilities afforded them by digitalization as they pivot to a more strategic, technology-focused role.

Where do you believe the investment into the modern CFO 4.0 skills and competencies need to develop to ensure the business remains competitive?



This is evidenced in the phrases that resonated with respondents:



creative solutions for business



transition the business into a digitalized and automated manufacturer



insight into managing risk vs. opportunity to digitalize through knowledge of financial, technical, operational and market issues



predictive models supported by meaningful measurement and reporting'

The most significant aspect of the CFO 4.0 role, as identified by survey respondents, speaks directly to how Industry 4.0 will inform and facilitate CFO 4.0: strategic business knowledge for the ongoing planning, monitoring, analysis, and assessment of all organizational requirements across other functions to meet overall objectives was flagged by almost 80% of respondents to our Manufacturing CFO 4.0 survey.

'Strategic business knowledge' and 'across other functions' speak directly to CFO role expansion beyond the confines of the finance function as traditionally construed; 'planning, monitoring, analysis and assessment' will all be made more meaningful through the implementation of technological and software innovations including ERP and IoT.

Our Key Finding #4 (page 20) shows that CFO 4.0 is a reality. It is also a challenge; appropriately enough for what is an evolutionary process, CFOs are faced with the classic choice: 'adapt, evolve, compete or die'. This choice equally applies to manufacturing organizations in the time of corona. As a card-carrying Manufacturing CFO 4.0, you can play a pivotal role in ensuring business survival.

Embrace Technology - Become Familiar With New Software And Systems

Understand how ERP can drive efficiencies and give you unprecedented visibility into every aspect of your business. Gain access to real-time analytics through customisable reports and dashboards, and experience the power of insights powered by AI/ML.

Leverage Business Intelligence to make better, data-based decisions by unlocking the value in your enterprise information. From increased efficiencies to enhanced customer satisfaction, intelligent businesses will always have a distinct competitive edge.

Empower Your People – Upskill, Upskill And Upskill Again

The world of work is changing – and not just for CFOs. As automation replaces manual manufacturing roles, your personnel will require the training and skills they need to meaningfully contribute to the growth of your organization. By integrating human and technological capital, you can build a workforce of empowered, independent decision-makers with access to the data analytics they need to streamline processes, save costs and boost productivity.

Delegate And Outsource

CFO 4.0 means role expansion – but there will still only be 24 hours in the day. You need to be smarter about the tools you use – and what you allow into your inbox. Strategic thinking can be derailed by the minutiae of transactional functions – these can be farmed out to junior colleagues or third-party suppliers to free up bandwidth as you grow into your newly defined role.

Communicate Your Vision

Being a CFO 4.0 brings with it leadership responsibilities that extend beyond heading up the finance team; as a key strategic thinker within your manufacturing organization you will be required to make board-level presentations and argue compellingly for the necessary investments to align your company with the requirements and opportunities of Industry 4.0

Make A Clear Business Case

The capability to build a business case for return on investment was identified by **57%** of respondents as a key CFO 4.0 competency. Investment in new software and systems has to be justified; this should come as no surprise to senior financial leaders.

SYSPRO ERP Solutions

SYSPRO's Enterprise Resource Planning solutions deliver business success through automation and integration of core business processes.

Identified by 45% of respondents to our Manufacturing CFO 4.0 survey as a key investment target, ERP solutions are a key enabler of Industry 4.0, along with Business Intelligence (highlighted by 65% of respondents).

Integration and automation feature prominently in the investment plans of manufacturing CFOs between now and 2025, with warehouse automation (44%) and CRM (42%) also mentioned frequently.

The focus on the streamlining of core business functions speaks strongly for the need for greater efficiencies as a means of preserving capacity for the more strategic aspects of the CFO 4.0 role.

In the 'new normal' imposed on manufacturing industries by COVID-19, CFOs have indicated that they will increasingly turn to ERP software to facilitate effective remote working and management, and empower collaboration between geographically disparate teams and departments. Effective information sharing is vital to eliminating bottlenecks and eliminating role or function duplication, while cloud-based ERP removes distance as a hurdle.



Advantages of ERP



Cost-Effectiveness

Automation can deliver significant savings in time and money, by making processes more efficient and eliminating waste.

"It is very difficult to put a cost savings number to what SYSPRO has meant to our company as we simply would not have survived the growth pressures put on our infrastructure without it."

Ron Tennell, CFO, Genesis Today, USA

"We are extremely satisfied with SYSPRO. It is reliable and enables us to efficiently manage the business"

*Anand Naidoo – Financial Director,
L&G Tools, South Africa*



Streamlined Business Processes

Centralized data offers maximum visibility across all business functions and allows real-time, informed decisions to be made on inventory levels and production.



Consolidation

Avoid silo mentalities and incompatible systems in different divisions.

"We apply the full force of SYSPRO accounting, MRP, customer relationship management and ODBC solutions to bring greater efficiencies to Green-Tek,"

*Sandy Boyer, Finance Manager,
Green-Tek, USA*

Advantages of ERP



Supply Chain Optimization

Real-time visibility enables shorter planning cycles and more effective inventory management and production scheduling.

"The software enables periodic adjustments for scrap and damaged parts so that physical inventory and the general ledger are always in balance."

Bill Beavin, CFO, APH, USA

"Our business has grown by 600% in the past 12 years, while our office staff has virtually remained the same."

Scott Ward, Executive Vice President and Chief Financial Officer, Windings, USA



Agility

Use real-time data analysis and reporting to respond more rapidly to dynamic market conditions, and make more accurate predictions based on trends analysis.



Traceability

Allocate and detect inventory, production and quality issues with unprecedented accuracy. Recalls, product improvements, launches and maintenance are all easier to plan with ERP.

"It met most of our criteria – about 90% of them without customization. What we especially liked was the system's 'openness' and the ability to pull different standard and non-standard reports."

Dean Snyder, CFO, American Metalcraft, USA

Advantages of ERP



Digital Transformation

Customizable ERP solutions can grow with your business (and your role), and offer enhanced flexibility through multiple deployment options including Cloud ERP and Mobile ERP.

“The upgrade to SYSPRO 8 was without interruption to our business. The team is eagerly exploring ways in which company procedures can be improved to be more efficient.”

*Janet Shackleton – General Manager
– Finance & Operations, Perfect
Potion, Australia*

“Since implementing SYSPRO, I have complete visibility of my operations to make the decisions that impacts the success of Vikings. Reducing food costs from 72% to 43% in some of our branches, I have total control over inventory management and forecasting. We can close month end books in 2 days, down from 20 days. I know how each branch performed daily and the cash flow. SYSPRO is the financial cornerstone to our success, and has enabled us to scale quickly, adding 48 restaurants in 8 years.”

*Arceo Alfonso, CFO, Vikings,
Philippines*



Improved Customer Relations

Customizable ERP solutions can grow with your business (and your role), and offer enhanced flexibility through multiple deployment options including Cloud ERP and Mobile ERP.



Competitiveness

An ERP solution configured to the specific needs of your manufacturing sector business delivers compliance, agility and the ability to expand and adapt with little to no downtime

Conclusions

COVID-19 and CFO 4.0

The pandemic has proven to be hugely disruptive; but it will also lead to the advancing of the CFO 4.0 agenda.

While the human tragedy of the pandemic cannot be overlooked, COVID-19 also represents a once-in-a-generation opportunity to reset the manufacturing sector. Trends which were already evident (the adoption of ERP, automation and the integration of Business Intelligence and Artificial Intelligence/ Machine Learning) are now seen as necessities.

Their adoption will be spearheaded by CFOs as they grow into the expanded roles defined by CFO 4.0 – they will increasingly be responsible not just for the finance function, but for technology and personnel issues including upskilling.

In short, the new normal belongs to CFOs; their importance as strategic decision makers will increase and with the expanded role delineated by CFO 4.0 will come greater responsibilities and enhanced influence.

As a Manufacturing CFO 4.0, you can expect to both lead and guide your organization through the uncharted waters ahead. With SYSPRO as your ERP technology partner, anticipate plain sailing and favourable winds no matter what the forecast.



More importantly, if we are right that a safe and effective vaccine arrives before long, the economy should soon get back onto a strong recovery path. Our confidence in this forecast rests in part on the impressive if partial recovery in Q3, when the worst part of the pandemic seemed to be in the rear-view mirror. If monetary and fiscal policy remains focused on the importance of supporting household incomes and business cash flows during any renewed lockdowns—a policy that proved highly successful in Q2/Q3—a swift rebound again looks likely.

Jan Hatzius & Daan Struyven, Goldman Sachs, Macro Outlook 2021: A Vaccine-Shaped Recovery





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