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### Supporting Strategic Change

Recently, I have been asked about the changing role of the CFO. Specifically, many people want to know whether today's CFOs are being impacted by dynamic changes in the global economy.

I usually start my reply by saying, "How could it not?" Take, for example, the "Business 2010 – Embracing the Challenge of Change" report by the Economist Intelligence Unit sponsored by SAP, which was based on responses from over 4,000 leading executives. It identifies collaborative working, customer insight, risk management, and corporate governance as key strategic challenges for companies. There is no way these challenges can fail to impact the role of the CFO.

The 2010 organization will be more dependent on the flow of data between different locations inside and outside the boundaries of the organization. Thus, the CFO will have to cope with virtual teams, network organizations, and other emerging forms of human collaboration within an organization. In his or her role as a business partner, which I will elaborate on below, the CFO has to identify the changing needs of both internal and external customers. While serving the company's business, the CFO is responsible for mediating between the business interests and governance aspects. Good examples of this are the implementation of new business models as well as risk and opportunity management. The latter will be a virtue made of necessity as it becomes a source of competitive advantage.

Today, CFOs must actively contribute to their company's development. It is no longer enough to be a wizard with the numbers. As an independent business partner, the CFO must help the company and its businesses to develop their strategy by making the financial implications of the strategy transparent. In regular review meetings, he or she is pointing out whether the business is headed in the right direction, where changes are needed, and where risks or new opportunities are emerging. Thus, the CFO drives the design of structures, systems, and processes.

From my personal perspective as the CFO of SAP, this means that I have to proactively support our transformation from a pure software-solution vendor to a provider of both business application software and a business process platform that is increasingly focused on volume business. To proactively support the lines of business during this transformation, we need time to concentrate on strategic topics. One way we are making that space is by migrating transactional and standardizable finance processes to shared service centers. Service level agreements ensure that these processes, which form the backbone of any finance organization, reflect best practices. This allows us to move from processing transactions to supporting decision-making and performance management.

At the same time, however, there is inherent tension in the role of the CFO as he or she is not only a business partner. The other role is that of a steward who is responsible for safeguarding the interests of stakeholders. There can be no compromise on compliance. The quality of corporate governance will be a source of differentiation in its own right.

What does this dual role imply from an HR perspective? Finance people must not limit themselves to the back room; they must be happy working in a customer-facing environment, but still in a compliant and disciplined way. Therefore, the CFO must look for people who enjoy communicating and working in teams. If working in finance ever was purely administrative and repetitive, it certainly is no longer that today.

Stakeholders not only expect excellent corporate governance; they also want an objective, transparent picture of the company, its prospects, and its risks. To meet all these expectations, the CFO and the finance staff need a profound understanding of their company, what the drivers of its market value are, and which risks and opportunities it is faced with.

In my next posting, I'll share my view on enterprise risk management.