



# Key change



Why treasury and commercial  
need to work in harmony  
to unlock transformation



# Contents

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Introduction

4

---

Meet the transformation leaders

5

Four principles of digital transformation

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1. Agree on a 'north star' and accept failure along the way

7

---

2. Harmonise the relationship between finance and commercial

12

---

3. Give treasury a larger role in the finance-commercial partnership

15

---

4. Build and borrow new skills and technologies within treasury

17

---

5. Conclusion: An inspiring role for treasury teams

19

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About the research

20

Organisations  
need  
to use

**digital**

technology  
to **engage**

customers



“ Digital transformation is a continuous journey for organisations that are willing to take the leap of faith.

Teams need to be aligned on a north star and open to accepting failures ”

**Tan Su Shan**

Group Head  
Institutional Banking

DBS



“ The market leaders act to build a strong talent pipeline and inculcate a partnership mindset across teams ”

**Lim Soon Chong**

Group Head  
Global Transaction Services

DBS

## Introduction

In an uncertain and rapidly evolving business landscape, organisations need to use digital technology to engage their customers and differentiate their brands. But not enough are achieving the results they were hoping for.

According to new research by DBS, which surveyed 1,225 senior executives worldwide, nearly all organisations are pursuing digital transformation to upgrade the experience they offer to their customers. Almost two-thirds (64%) describe their approach as strategic, consistent or radical, and a further 33%

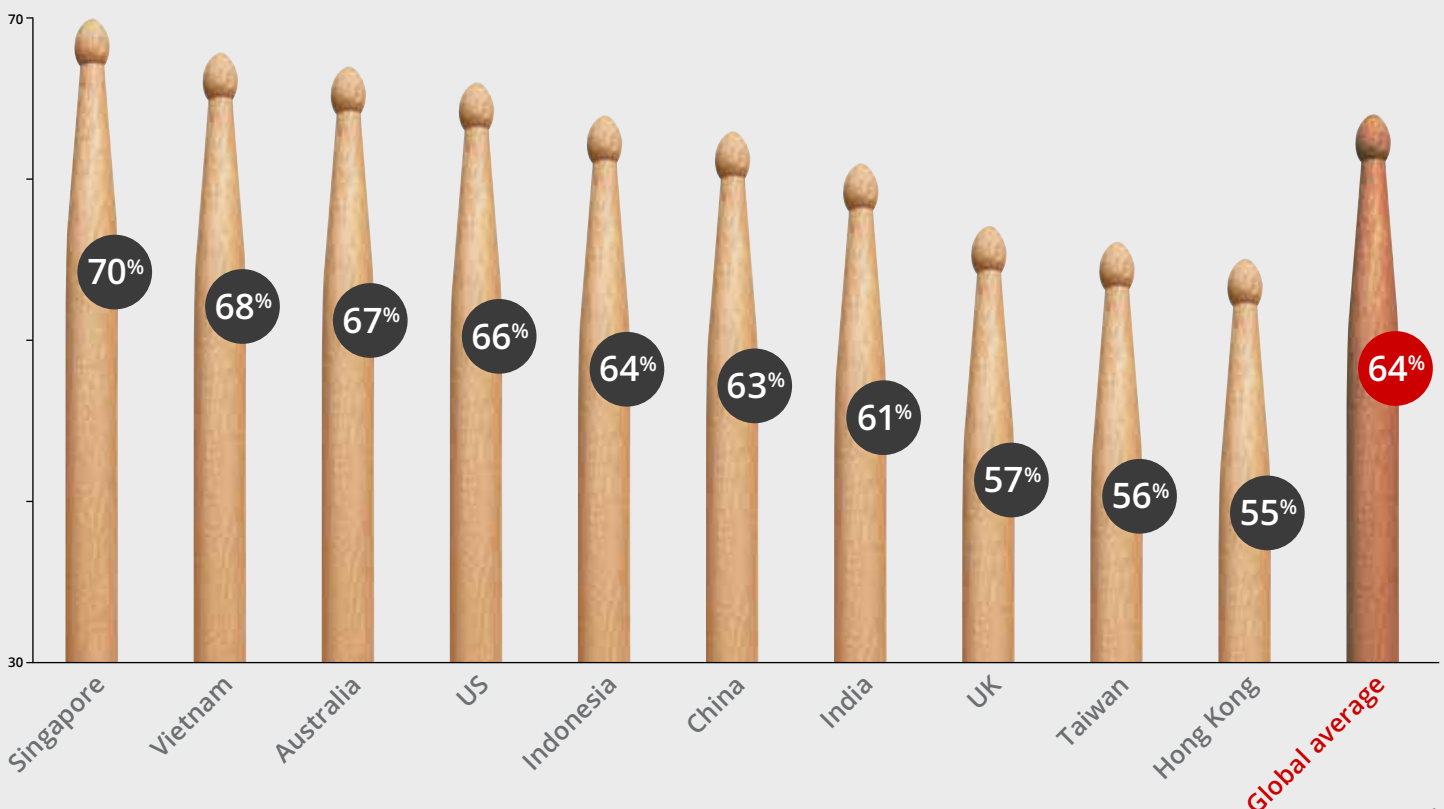
are carrying out ad hoc upgrades, albeit with some variation by region.

Despite the obvious business enthusiasm for customer-centric transformation, just 17% of respondents say they are getting excellent results from this activity, while a further 41% suggest it has been somewhat successful. Four in 10 (39%) say their efforts have either failed or are underwhelming.

What is so different about the businesses that are getting it right?

### Approaches to digital transformation vary by country

Businesses that are taking a strategic, consistent or radical approach to digital in customer experience and engagement





## Meet the **transformation** **leaders**

Our research identifies a small group of **transformation leaders** that are consistently outperforming the rest when it comes to digitalising their customer engagement. They are not just pursuing strategic or radical transformation in this part of their business – each of them is doing so highly effectively. They are also noticeably more likely to have embedded a corporate culture that is supportive of all aspects of digital innovation.

The **transformation laggards** in our research, meanwhile, are largely taking an inconsistent or conservative approach and their activities have been ineffective.

One notable characteristic of the transformation leaders is their willingness to give treasury and finance teams greater responsibility. These executives are playing a vital role in developing their businesses' commercial and digital agendas – and in turning ambition into reality.

Here, we draw on our research to set out how organisations could achieve the digital maturity of our transformation leaders. We do not pretend to have all the answers, and we recognise that every business faces unique challenges, but we believe our guidance will be useful for others to reflect on and consider adopting.

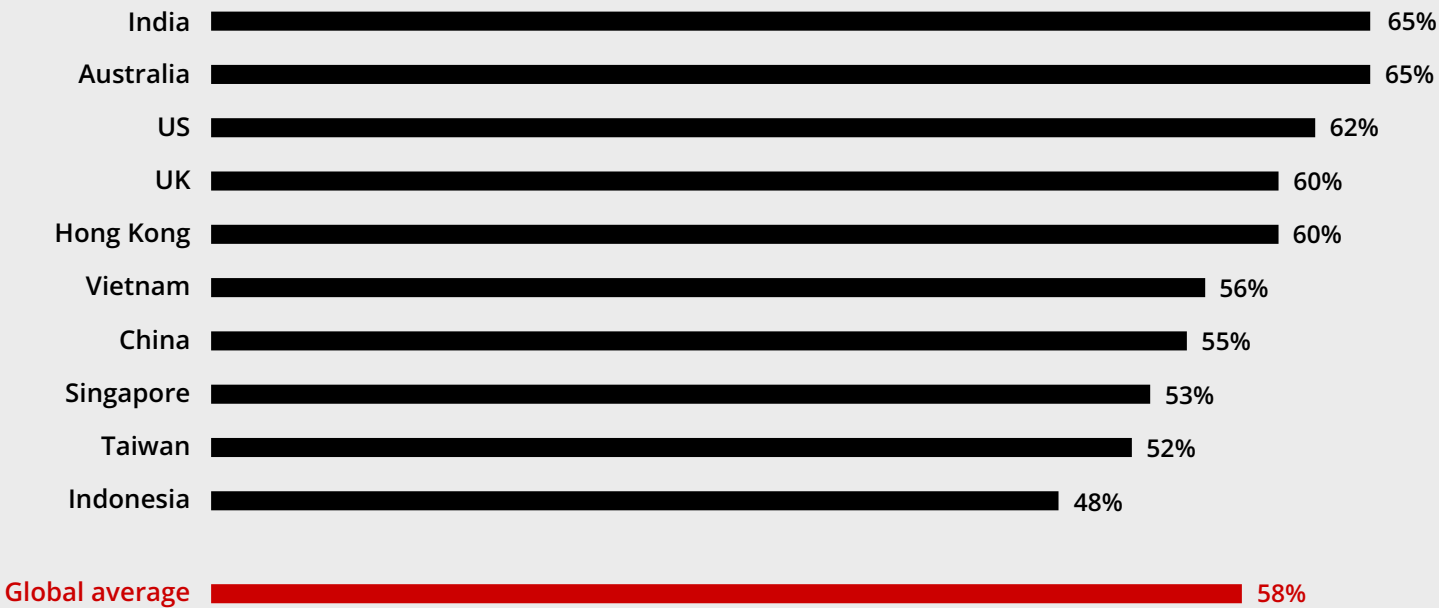


We identify four principles that can encourage an orchestrated, harmonious approach to digital transformation:

- 1** Agree on a 'north star' and accept failure along the way
- 2** Harmonise the relationship between finance and commercial
- 3** Give treasury a larger role in the finance-commercial partnership
- 4** Build and borrow new skills and technologies within treasury

**India and Australia are leading the pack in seeing transformation success**

Businesses that are currently achieving 'very' or 'somewhat effective' outcomes from digital transformation



1

## Agree on a 'north star' and accept failure along the way

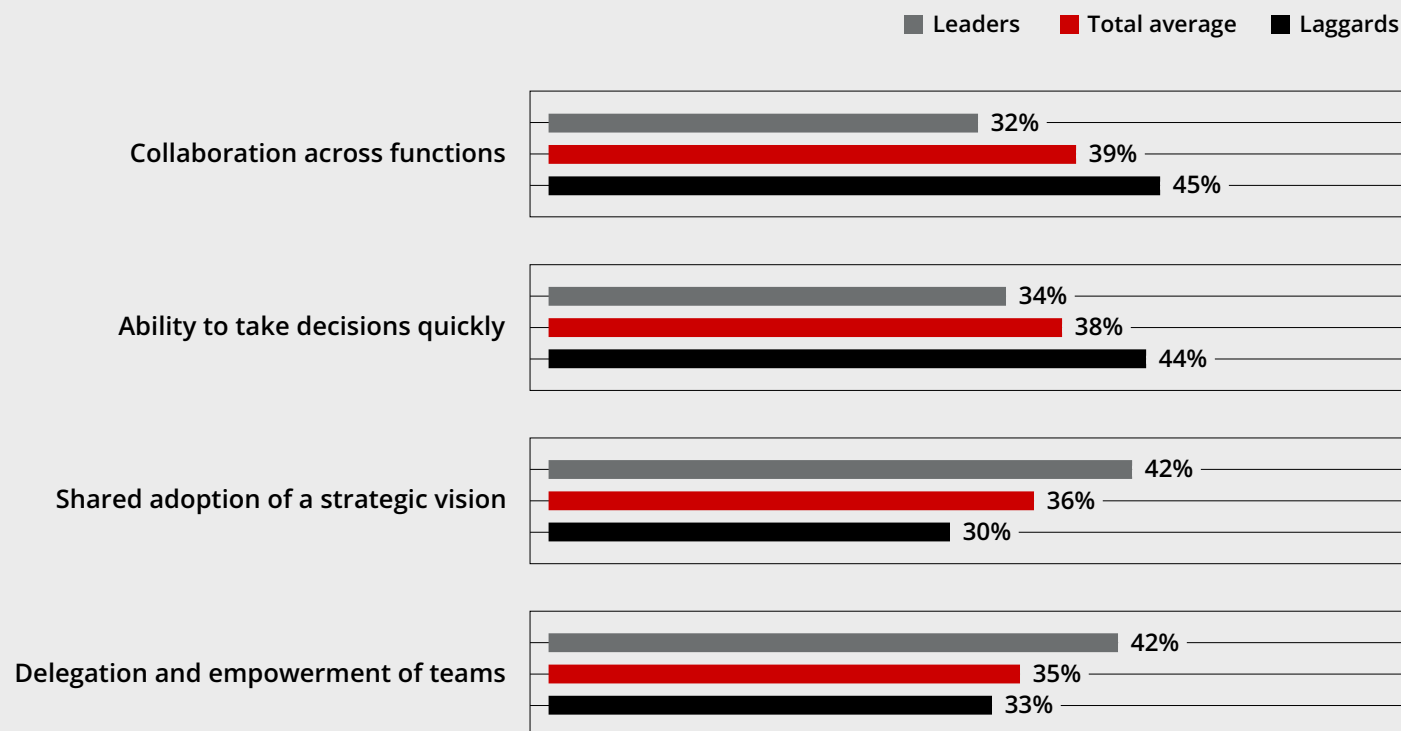
Vision is at the heart of the most ambitious and successful digital transformation initiatives.

The transformation leaders in our research know this and have moved beyond a tactical and uncoordinated approach to focus instead on a 'north star'. This shared vision helps define a workplace that is centred on collaboration, experimentation and rapid decision-making and supports constant improvement.

The transformation leaders are much more likely than the laggards to champion and create a culture that encourages employees to embrace a strategic vision for transformation. They are also much more likely to prioritise the delegation and empowerment of teams within that culture.

### What transformation leaders look for in a corporate culture

What are the most important elements, from a corporate culture perspective, to support digital transformation?





“Our  
culture  
has  
shifted”

Jean Noel Lau Keng Lun

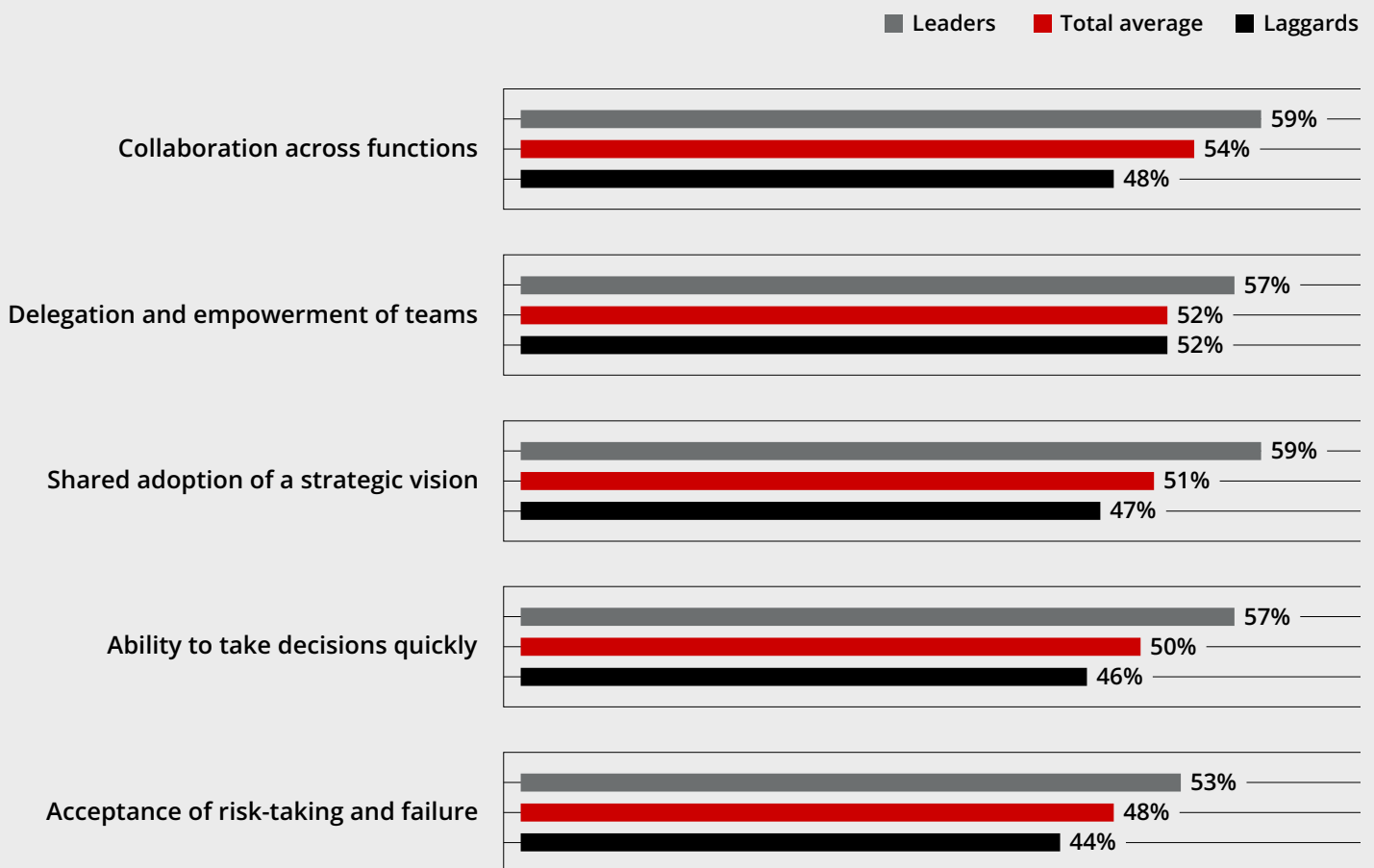
Senior Vice President  
Product Management

Accor



## Transformation leaders prioritise different cultural elements than laggards

Which aspects of your corporate culture have you established most effectively?



### Singing from one songbook

Accor's 'Digital Factory' initiative shows what a shared vision can achieve. "Our remit is to build commercial products that support and develop the business of Accor," explains Jean Noel Lau Keng Lun, the French hospitality business's Senior Vice President Product Management.

"Previously, IT was organised as a service desk taking on different projects, with a new business case required each time," he says. "Now, we recognise that the best-performing companies are organised with digital at the forefront. We moved from a project cost-based approach to a growth-based approach."

Organisations that are behind on strategic transformation often strive to reach a consensus

on their tactical approach and collaborate more effectively. These steps are important, but companies need to be bolder. If they can trust colleagues with greater responsibility, for example, they can move much more quickly.

"Our culture has shifted," says Lau. "We have a spirit of partnership, of co-construction and co-conception. We share figures with our colleagues in finance, and we set common goals."

Mike Hughes, Head of End-to-End Digital Commercial Excellence at energy business Schneider Electric, believes that persuading employees to embrace a vision for the future is an emotional task as well as an intellectual one.

"Success takes more than instilling the intellectual understanding in people that digital is important," he says. "It's about getting people to believe that digital is the future of the company. This leads to alignment and motivation."

**Practice makes perfect in the pursuit of the bigger goal**

Individuals who believe in the possibility of digital will be more confident about trying new things – even if their experiments do not always work out.

Fifty-three percent of the transformation leaders in our research say the culture of their organisations is accepting of experimentation and failure, compared with just 44% of laggards. The transformation leaders are also more likely to discuss mistakes and failures without attributing blame, and many consider this to be essential to their success.

Rather than thinking of transformation in terms of specific business targets, the most successful organisations have broader goals: their north star is a vision of evolving progress rather than a fixed point. And different functions within those organisations, including finance and commercial, work together to achieve that progress – both on their own terms and collectively.

"With the acceleration of digital adoption in a post-COVID-19 world, treasury and commercial functions have to collaborate and adapt to a new way of working that encompasses the use of data analytics, AI and even blockchain-enabled platforms to function more effectively and efficiently," says Tan Su Shan, Group Head of Institutional Banking at DBS. This new way of working will necessitate a cultural mindset shift to one where business owners and treasurers are open to using machine-driven models to help make predictions, stress-test risk parameters or just to make more informed decisions, explains Tan.

**The transformation leaders are more likely to operate without blame**

Proportions that discuss their mistakes and failures without blame

**25%**  
Laggards

**28%**  
Total average


**34%**  
Leaders



"Beyond the tools and analytics, our survey findings show that the treasury and commercial functions of transformation leaders have a joint vision of digital transformation centred around a broad purpose statement about customer experience," she says. "Digital transformation is a continuous journey for organisations that are willing to take the leap of faith. Teams need to be aligned on a north star and open to accepting failures."

This is not to say, however, that maturity in digital transformation means that the functions do not still have different perspectives on the need for return

on investment. About half of transformation leaders suggest that their treasury teams are more worried about the risk of an investment failing than they are about the risk of being left behind by the market, while their commercial teams are seen as taking the completely opposite view. Such a disconnect only underlines the importance of a shared vision that both teams can buy into, helping them remain fixed on the bigger picture despite differences in the short term.

A close-up photograph of a guitar's fretboard and pickups. The fretboard is made of light-colored wood with metal frets and black circular fret markers. The pickups are a mix of red and white, with black covers. The background is dark, making the guitar components stand out.

**“ It's about getting people to believe that digital is the future of the company. This leads to alignment and motivation ”**

**Mike Hughes**

Head of End-to-End  
Digital Commercial Excellence

Schneider Electric

## 2

## Harmonise the relationship between finance and commercial

DBS's research and experience with clients suggest that transformation is more successful when the finance and commercial functions work in lockstep. Among the transformation leaders in our research, 59% say that collaboration across functions is embedded in their culture – only 48% of the laggards agree.

For forward-looking finance professionals, seamless collaboration with their counterparts in commercial functions makes perfect sense. They no longer see

themselves as passive observers of their business's commercial performance, but as important players in enabling returns.

"Finance is evolving," says the former head of finance transformation at a major retailer based in India. "We used to be called bookkeepers, then accountants, then analysts," he recalls. "The requirement today is that we are business partners. The mindset of some finance professionals needs to be retuned."

### Siemens tunes up its business model

German industrials giant Siemens has experienced a mindset shift in the treasury department. In the past, explains Group Treasurer Peter Rathgeb, the company often sold its products in large, one-off transactions. But now, the business is shifting to an as-a-service model, where it supplies services to clients on demand and provides ongoing support.

"This new model requires something completely different from treasury because we might no longer be sending an invoice or managing a payment," says Rathgeb.

"Instead, the payment is an integral part of the as-a-service solution. It has to be digital – we may even be providing the service to a machine or a system rather than a human being – because if we stick with the traditional and manual methods, we will be lost."



## Nike's finance team supports a shift to new channels

At sportswear major Nike, Mehran Nikkhoo, the CFO for Asia Pacific & Latin America Marketplace, says that treasury and the broader finance function are supporting business model change.

In recent years, the company has pivoted from selling to retailers to increasing its direct-to-consumer sales through multiple channels including online and mobile. Finance has been a crucial enabler of this pivot, says Nikkhoo: "One role that finance played was to set out the business case for why selling the same product directly to the consumer through digital would be stronger than what we did before."

He adds that the development enabled Nike to be more proactive in the marketplace and in how it managed its inventory. "We also quickly realised that we needed to revisit the key indicators that we obsess about internally and communicate externally, in the context of becoming a digital-first company," he says. "That led to us revisiting our financial plans. It was a significant strategic shift."

Key change



## Discord undermines transformation

Not all organisations have managed to establish a close working relationship between finance and commercial. Yet 57% of the commercial respondents in our research agree that a lack of cooperation between the two functions is making digital transformation more challenging than it needs to be.

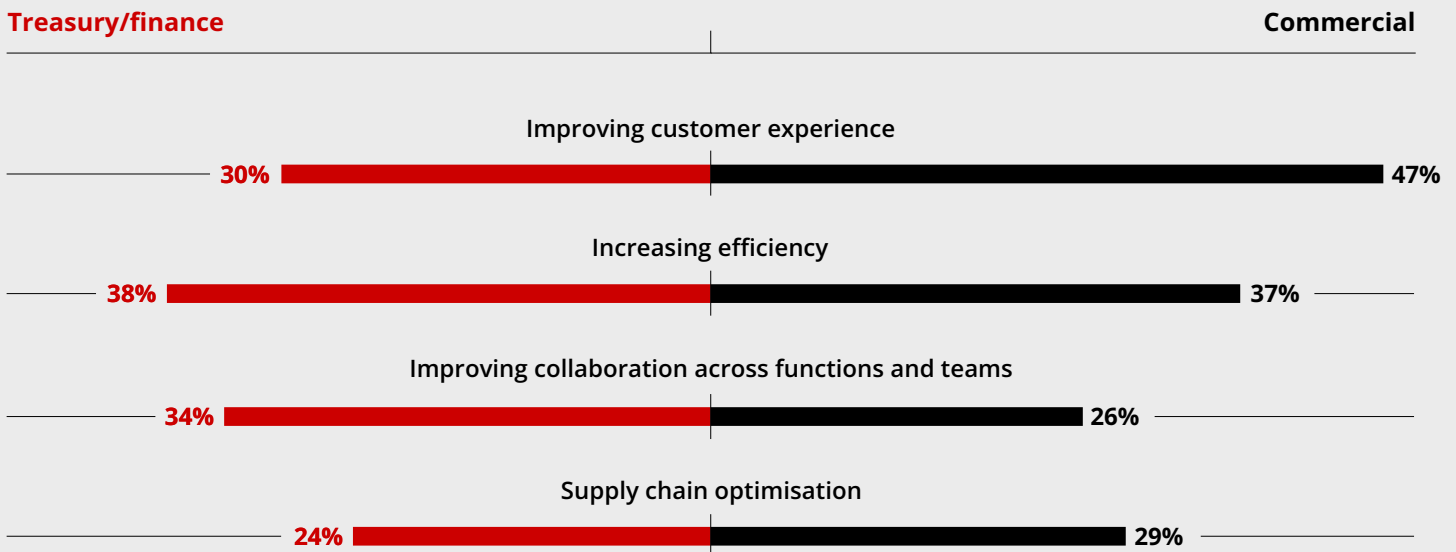
One difficulty is aligning goals: 38% believe that cooperation becomes strained because the two teams

measure success in different ways. And one in three indicates that different teams have different priorities. Almost half (47%) of commercial functions say that "improving the customer experience" is one of their top transformation objectives, but just 30% of finance functions say the same. Instead, finance is more likely to focus on improving efficiency.

Many finance and commercial teams have not yet reached a consensus on where digital transformation is having positive outcomes. For example, commercial executives are more likely to say improved customer data and insight, and finance is more likely to say profitability and customer retention.

## Commercial and finance teams have different opinions on transformation success

What do you see as the most important goals of digital transformation?



### Differences are understandable

It is not surprising that different parts of the business are approaching digital transformation with inconsistent expectations. But if finance and commercial are out of sync on such broad issues as the business's direction of travel and its most important objectives, they will struggle to build close partnerships of mutual trust.

"Sharing common KPIs is helpful, but we need to change our state of mind and shift to a collaborative culture," says Sophia Brissot, Accor's Senior Vice President Treasury & Financing. That is how her

team supports transformation, she says, and she highlights the example of Accor's shift towards "augmented hospitality".

"Rather than just selling a room and a night, we have to look at the whole," Brissot explains. "We've started selling insurance, and we want to sell show tickets and car rentals, as well as packages of services. This required us to build a whole new payment infrastructure to deliver the best possible customer experience, and was an example of us needing to work together to make it work."

**“Sharing common KPIs is helpful, but we need to change our state of mind and shift to a collaborative culture”**

**Sophia Brissot**

Senior Vice President  
Treasury & Financing

Accor

3

# Give treasury a larger role in the finance-commercial partnership

Treasury teams can make specific and valuable contributions to digital transformation – and their profile is growing.

More than half of the finance/treasury respondents in our research (52%) say that the role played by their function in managing the business response to the Covid-19 pandemic, such as in ensuring liquidity, has increased its profile within the organisation. Today, the function’s responsibilities are growing as businesses grapple with soaring inflation and rising interest rates.

Now is the time for organisations to capitalise on treasury's higher profile and give it more influence in digital transformation.

## Treasury is ready for a bigger role

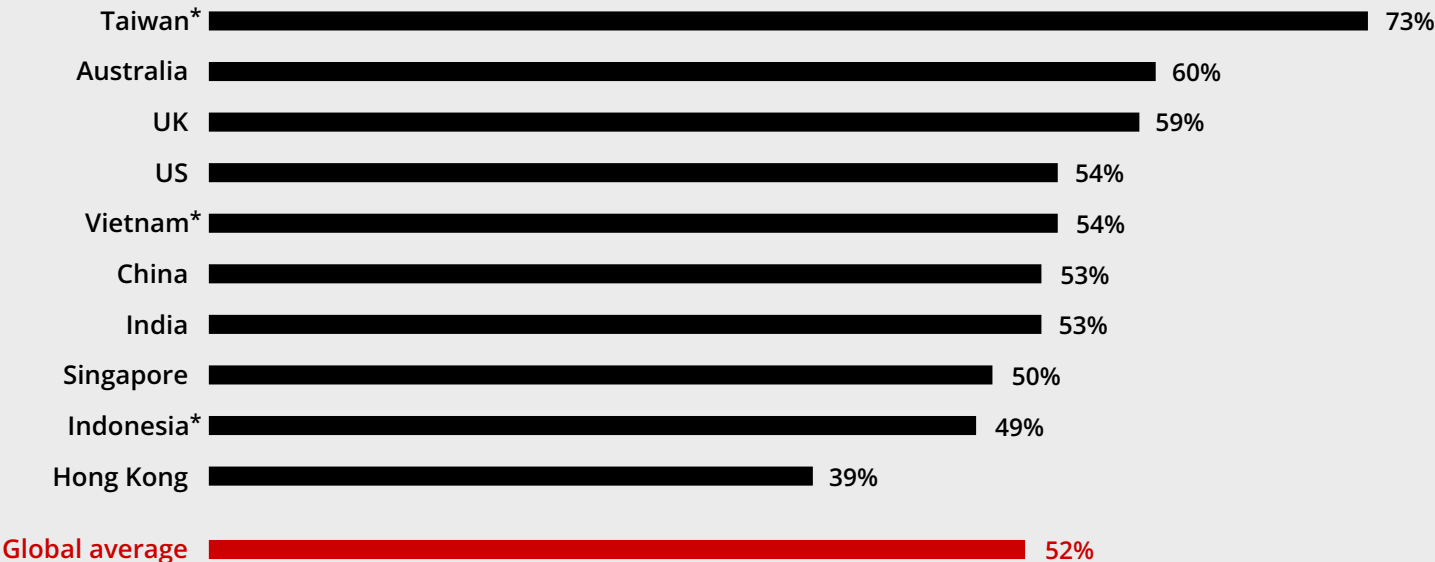
Kristian Skovfoged, Vice President and Head of Global Treasury at the Danish facilities management company ISS, says there are many ways to expand the role of treasury.

“We have nominated one of our team members as a business partner to each part of the business,” explains Skovfoged. “In the past, treasury never employed business partners. We were risk managers or analysts. Now it is all about changing the mindset of the team.”

Skovfoged says he wants treasury to be seen as a facilitator for small communities that encourage executives to talk to each other about how they run the business.

## The influence of treasury teams in many regions has grown since Covid-19

Treasury teams that say their response to the pandemic has raised the function's profile within the organisation



\* Denotes small sample size, 40 respondents or fewer



"We're doing roadshows," he says, "travelling to our businesses in each country where we operate to get a much better understanding of what they do and how they do it."

The transformation leaders in our research understand this shift in the treasurer's remit: 56% say that their treasury function's influence on customer relations has increased over the past two years, compared with only 41% of laggards. And 51% of leaders believe treasury now has more influence on the business's commercial strategy, against only 41% of those in the laggard group.

Importantly, transformation leaders appear to be capable of involving treasury at the early stages of commercial initiatives: 57% say that treasury's influence at an early stage has increased compared with two years ago; the figure among the laggards is 42%.

The opportunity here is for all businesses to go further in bringing treasury into the transformation discussion. As ISS's Skovfoged says, the expectation that treasury will navigate difficult decisions will only increase in the current environment of volatility and uncertainty.

"What should the business do when customers ask for longer payment terms because they're trying to protect their working capital?" he asks. "Treasury has the experts on cash and payment terms, so we should be advising the rest of the business on how to manage those conversations, when to push back and how to communicate."



## 4

## **Build and borrow new skills and technologies within treasury**

Treasury could make an even greater contribution to digital transformation than it does today.

Many businesses, even in our transformation leaders' group, recognise that skills shortages are preventing treasury from achieving its full potential.

While an average of 47% of organisations in our research say they urgently need to update the skills profile of their treasury teams, this rises to 56% among the transformation leaders – likely reflecting a desire to build on existing momentum.

This should not be surprising. Many businesses today are struggling to recruit and retain the talent they need to pursue the digital agenda. Forty-two percent of organisations say that talent gaps have stopped them from making faster progress on transformation – more than for any other single challenge.

“Besides investing in technology, the market leaders in digital transformation understand that new skills are needed for a more digital future,” believes Lim Soon Chong, Group Head, Global Transaction Services at DBS. “The market leaders act to build a strong talent pipeline and to inculcate a partnership mindset across teams.”

If organisations can improve the skills base of their treasury teams, they will empower them to play a more forward-thinking, outward-looking role. A former senior director of treasury at a large Australian manufacturer tells us that today's treasury teams need to have a much broader array of skills.

“Some of our work is still transactional, but there are large elements of the role that have become more strategic – plus there is an element around systems and IT,” she says. “The other important emerging need is sustainability and the way in which your carbon emissions as an organisation can impact the way in which you raise debt – and then manage it if you have a sustainability-linked debt portfolio.”

### **Data fluency is a priority**

For the transformation leaders in this research, the most critical priority is to improve treasury's data analytics skills: 59% say this, compared with only 43% of laggards. This illustrates both the potential for greater data fluency to drive transformation benefits and the vision of the group of leaders.

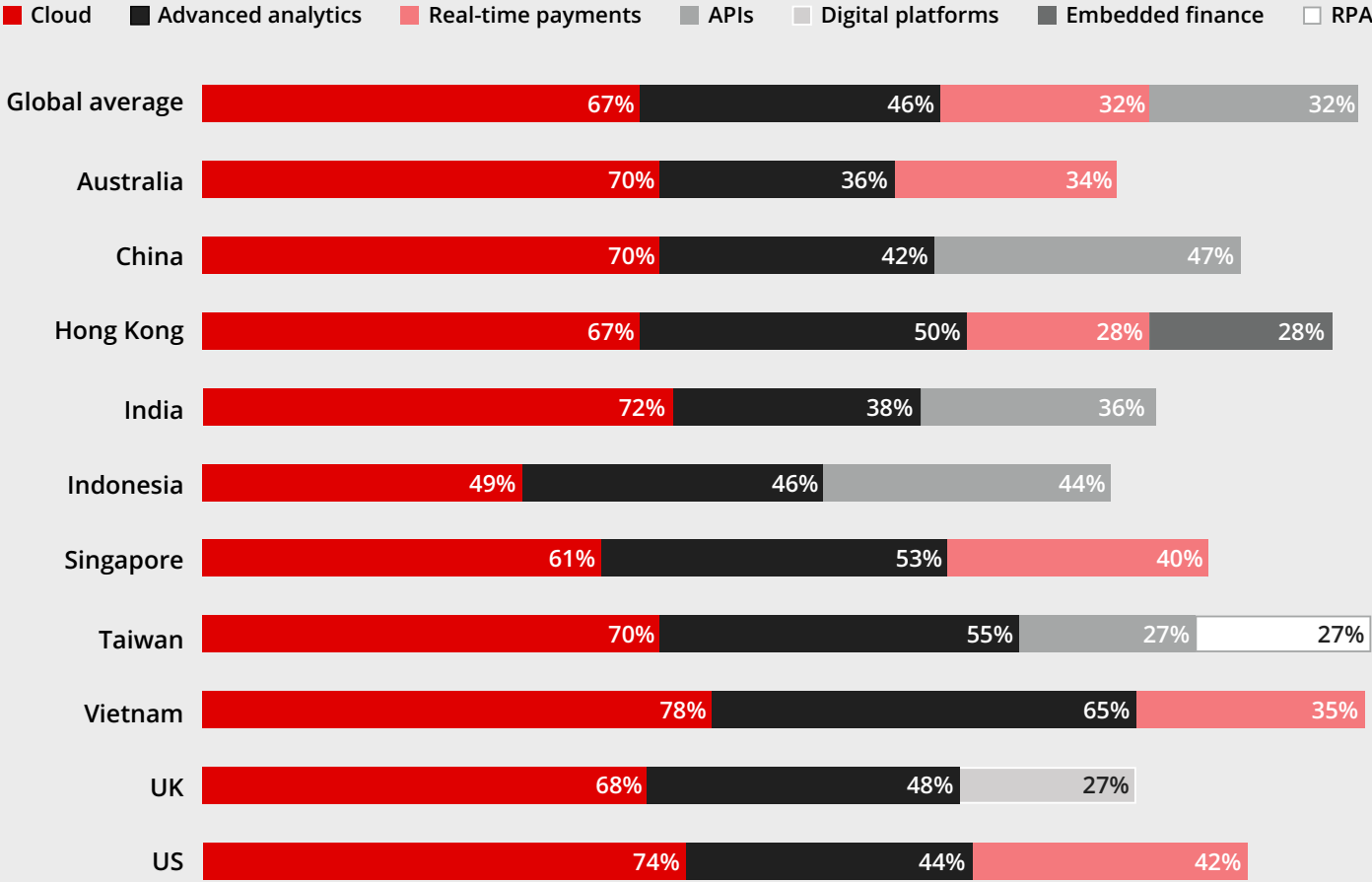
Skills in data and analytics are hugely valuable, says Yang Xu, Global Head of Corporate Development at the global food group Kraft Heinz. “Cash forecasting used to be painful because we'd rely on business units in different countries to provide information about their liquidity situation,” she says. “Since using basic predictive analytics, the outcome has been much better.”

### **The art of thinking differently**

Plenty of other skills in the treasury function will also drive value. For instance, 43% of transformation leaders say they want to improve the innovation skills of their treasury teams, encouraging them to think differently about business models and processes.

### New technologies that are most important to digital transformation in treasury and finance

Businesses are putting a premium on cloud and advanced analytics, but proportions vary significantly by country and region



The good news is that a lot of this is exciting for treasury professionals, says Yang. “If you ask the team about what they’re proud of, it’s where they get the opportunity to become co-pilots of the business,” she says. “Reconciling information and forecasting comes with the job, but people are really passionate when they feel they have identified a business opportunity and worked with others to make that happen.”

As more businesses compete for specialist talent, it will become even more difficult to secure staff with the most in-demand skills. Training is one solution: organisations can upskill their existing workforce rather than trying to recruit new talent.

Relationships with other organisations could also have a role to play: 44% of organisations say that banks are their preferred partners to develop innovation and promote digital transformation in the treasury team, for example.

But treasury will need to tread carefully as it looks for partners to help with transformation. Many are wary of working with partners that have expertise in digital innovation but little understanding of the technical demands of the treasury role. Half of treasury teams say, for example, that specialist knowledge of finance and treasury is more valuable in an external partner than digital innovation; only 29% disagree.

## 5

## Conclusion:

# An inspiring role for treasury teams

Our research paints a clear picture. Most businesses are seeking to grow through digital transformation, but only a minority are securing the benefits they had expected.

However, we also find that these winners share characteristics and behaviours – and these provide a guide for others to follow.

The most successful transformers have a **clear vision** of what they want to achieve. Crucially, their ‘north star’ is rooted in **cultural change** – a shift towards collaboration and shared goals – rather than fixed around specific product or service objectives.

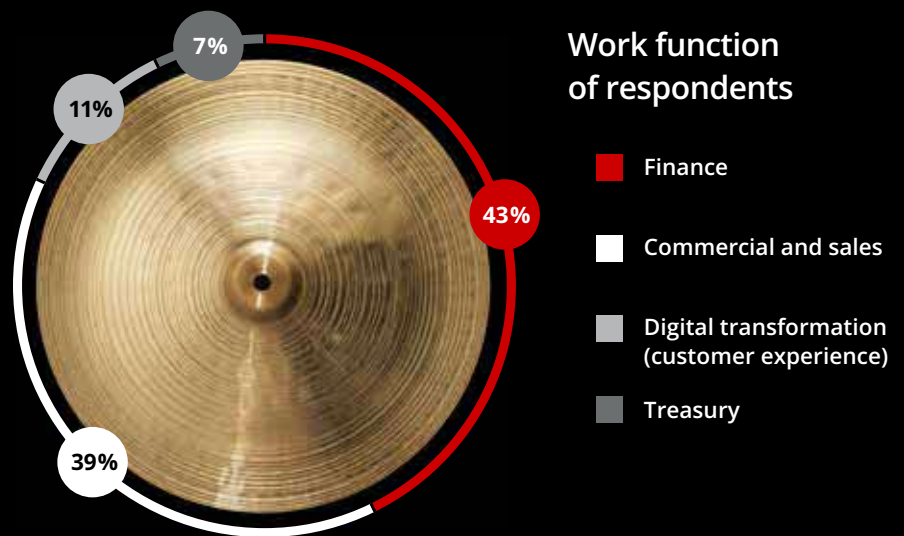
Their **co-creation approach** is encouraging innovation, experimentation and continuous improvement.

Treasury and finance teams can play an important role in moving their organisations towards this more open mindset. By moving closer to the rest of the business, they can work with new partners to enable business model change and support innovation. This may require new skills and experience, but it also holds the promise of a richer and more inspiring role for the treasury and finance function of the future.

## About the research

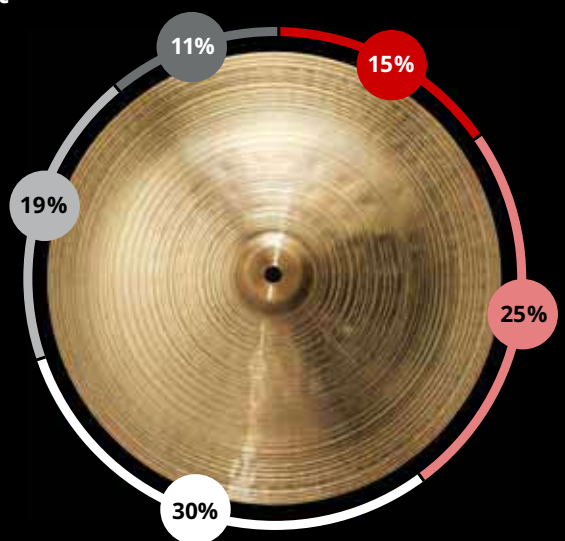
Our research is based on two main sources: a quantitative survey and a programme of in-depth interviews with senior executives and subject-matter experts. It was carried out by FT Longitude, the specialist research and content marketing division of the Financial Times Group, in summer and autumn 2022.

The survey was completed by 1,225 respondents from a total of 15 industry sectors and 22 markets worldwide. We believe it is one of the first surveys of its kind to be based on respondents from commercial and finance/treasury.



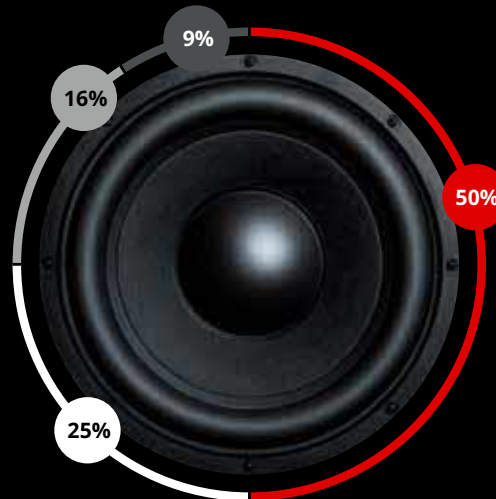
### Annual revenue (USD) of respondent organisations

- \$250m to \$500m
- \$500m to \$1b
- \$1b to \$5b
- \$5b to \$10b
- More than \$10b



## Market coverage

Australia  
 Austria  
 Belgium  
 France  
 Germany  
 Hong Kong  
 India  
 Indonesia  
 Italy  
 Luxembourg  
 Macao  
 Mainland China  
 Netherlands  
 Portugal  
 Singapore  
 Spain  
 Switzerland  
 Taiwan  
 United Kingdom  
 United States  
 Vietnam



## Respondent seniority

- C-suite
- Senior Director/Director
- Head of Department
- SVP/VP

## Industry coverage

Automotive  
 Consumer products  
 Energy (O&G, P&U, Metals and Mining)  
 Food & Agribusiness  
 Health Care & Life Services  
 Industrials  
 Insurance  
 Manufacturing  
 New economy (e.g., eCommerce platforms)  
 Real Estate  
 Shipping, Aviation, Logistics & Transport  
 Technology (hardware and infrastructure)  
 Technology (cloud software and platforms)  
 Telecoms  
 Wholesale/Distribution



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