

Role of Manufacturing CFO 4.0 Indispensable as Industry Accelerates Digital Transformation Efforts

[SYSPRO study shows a return of business confidence as CFOs step up to spearhead Industry 4.0 in the upturn](#)

Sydney, November 26 2020 - SYSPRO has today announced new research, which reveals that the role of CFO 4.0 within the manufacturing sector will be crucial as the industry shifts towards increased digital transformation in the 'new normal'. The study, which was conducted in October 2020 and led by SYSPRO, assessed the sentiment amongst senior level Chief Financial Officers within manufacturing sectors across the US, Canada, Africa and Asia Pacific (including Australia).

Key findings outlined in the SYSPRO 2020 Manufacturing CFO 4.0 Survey Report include the return of business confidence, the rise a more robust role for the CFO within an increasingly digitised manufacturing sector and the acceleration of Industry 4.0 as a means to overcome future disruptions.

The Imminent Return of Business Confidence

When asked about how their business had fared during the pandemic, 47% of businesses indicated that their enterprise had fared well. This pattern was particularly pronounced in the Asia Pacific region, where 75% of respondents gave an answer of between three and five in terms of how they had fared during the pandemic.

The ability for businesses to weather the COVID-19 storm was particularly prevalent amongst manufacturers involved in the production/distribution of essential goods such as Food & Beverage (25%) during lockdowns as well as those who has the ability to augment their existing digital activities and adapt to ecommerce models.

Drilling down further into the data, size of an organisation also played a vital role in determining its ability to survive the pandemic. Companies with 51+ employees were significantly more likely to report having fared as well as, or better than, expected.

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

The report also indicated an overall return of business confidence, where almost 50 percent of businesses have already recovered or expect to do so by the end of 2020. A further 30 percent expected to return to pre-pandemic trading conditions by the end of Q2 2021.

CFOs in Manufacturing to Play a Vital Role in Recuperation

The study revealed that CFOs will be instrumental in engineering the bounce-back. When asked how they plan to boost their business in the upturn, almost 83 percent of businesses identified cost-cutting including the curbing discretionary spending and reducing overheads as a strategy. Over 70 percent of businesses also indicated that they would be exploring new revenue models with the aim for increased customer engagement through digital channels.

When asked about their immediate priorities for 2021, 70 percent indicated that they would prioritise the maintenance of margins and 67 percent identified the need to manage cashflow, both traditional CFO functions.

Surprisingly; however, the study also revealed that in addition to playing a traditional function, CFOs will also 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 Acceleration of Industry 4.0

While Industry 4.0 has been around for a number of years, the expanded scope of the CFO role will contribute to the acceleration of digital transformation. When asked about areas of technological investment, only 19.3 percent of respondents confirmed that they would replace ageing

machinery in 2021. Rather, the emphasis is on investing in technology to make manufacturing smarter and less vulnerable to future disruptions.

In fact, over 52 percent of businesses identified the investment in enterprise technology such as ERP, BI and CRM as a key strategic focus area. The goal here is better clarity and transparency of information across the business to enable enhanced decision-making in real-time. According to Sanjay Galal, CFO, SYSPRO Asia Pacific, "Enterprise Resource Planning and Business Intelligence were identified as vital, thanks to their information-gathering, processing and analysis capabilities. In uncertain trading conditions, better, more accurate and more timeous data allows for smarter decision making, as well as supporting strategic decisions through trend identification and assessment."

The study goes on to reveal that 44% of respondents singled out warehouse and advanced manufacturing process automation as a key focus area. This is to some extent a decision that has been imposed on manufacturing concerns by the pandemic, but it also suggests a longer-term outlook in which many current human roles will be replaced in the name of both efficiency and safety.

"The challenge for the CFO 4.0 will be to continue to deliver financial leadership whilst also focusing on more strategic and operational aspects. In preparing for the role of CFO 4.0, businesses need to embrace technology, empower people through upskilling initiatives and have a clear business case for Industry 4.0." concludes Sanjay.

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