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Technology reshapes CFO's role

New information management tools, cloud computing give financial executives burst of speed

The lightening pace and worldwide scope of today's business make the ability to turn on a dime one of the key attributes of chief financial officers. And in these times, harnessing information technology – in all its rapidly changing guises – is what gives CFOs their needed agility.

"The major high-tech advancement has been in information management capabilities," says Philip Grosch, CA, national technology leader at PwC. "Technology has provided finance executives with the ability to pull together large amounts of data in a usable format. That gives them actionable insight into what's going on in the business."

Technology has also given CFOs mobile access to information as events occur, and enabled them to respond quickly, Mr. Grosch adds.

"Technology is a critical enabler to match the speed at which the world is evolving," agrees Louis Marcotte, FCA, chair of the board of directors for Financial Executives International Canada, and the Montreal-based vice-president and treasurer of Intact Financial Corporation.

Events today unfold at extremely high speeds, Mr. Marcotte says. "If you're at your desk in the morning, and you hear about the bond market in Europe crashing, you need to have information at your fingertips to be able to quickly react and execute transactions. This is entirely enabled through technology now."

From a treasury standpoint, the ability to act quickly and decisively is even more crucial in an environment where yields are very low but cash and liquidity remain essential. Under those circumstances,

there is an even greater need to manage cash efficiently, Mr. Marcotte adds.

Having access to instant information also helps with logistics, such as analyzing how employees are spending the company's funds when making purchases, notes Rob McClean, the vice-president and general manager of Global Commercial Card at Amex Bank of Canada in Markham, Ont. "Technology has certainly facilitated the visibility and up-to-the-minute focus on spending within an organization," he says.

On a macro-level, "technology is ideally implemented to align with enhancing the strategic direction of the company, and further leverage the competitive advantage a company has in its own industry and space," observes David King, Canadian president of Robert Half Management Resources.

One reporting trend increasingly affecting the CFO's

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job is XBRL (eXtensible Business Reporting Language), an open source standard that electronically communicates business and financial information. "XBRL has the ability to take a massive amount of data; then pass it around the organization and turn it



David King, Canadian president of Robert Half Management Resources.

into the refined information people need to report internally and externally," explains Mr. Grosch.

From a financial reporting standpoint, XBRL allows for better tagging of specific line items. This provides corporate information that analysts and other stakeholders can more easily compare with that of other organizations, notes Robert Parker, FCA, member of CICA's Information Technology Advisory Committee.

In fact, the SEC's XBRL mandate requires submission of XBRL-formatted financial statements via an XBRL Exhibit for annual and quarterly filings and registration statements (and the posting of the XBRL Exhibit on company websites). The mandate is intended to be disclosure neutral, phased in over three years, although early adoption is permitted, says Kishan Dial, national finance leader with PwC.

Another technology trend affecting the role of the CFO

and other financial executives is the growth of cloud computing, whereby applications and data can reside on shared, off-site servers and be delivered to the corporation via Internet access.

"Cloud gives the company access to technology on an accelerated timeline without the traditional investment in technology infrastructure where you would have to go out and buy service, software, load it up and configure it, and it would take a long time to get it up and running. Cloud gives you access to storage as well as capabilities without having to make those investments," explains Mr. Grosch.

Cloud computing also provides flexibility in terms of the users' ability to increase or decrease the amount of offsite storage they utilize, which can be beneficial to CFOs who deal with large amounts of data. And it enhances the ability to build up applications, without having to rely on an internal infra-



Louis Marcotte, vice-president and treasurer of Intact Financial Corporation, is also chair of the board of Financial Executives International Canada.

structure. Moreover, cloud computing allows people in various jurisdictions to work simultaneously with information to consolidate financial results or establish a global budget, he adds.

However, there are also potential disadvantages with this concept.

A CFO should make a careful assessment before outsourcing information technology, warns Michael Sherrard, a Toronto-based partner with Sherrard Kuzz LLP, a management-based labour and employment law firm.

"Each CFO has to go through his or her own assessment as to whether the security level is significant enough to outweigh the risks associated with having one's data located elsewhere," Mr. Sherrard says. "Each must determine whether the external provider can offer the appropriate level of security on information that will be managed by a cloud structure."



Kishan Dial, partner and national finance leader with PwC.

For more about the impact of technology on the role of chief financial officers, visit www.cfoyc.ca

A toolkit for the age of Twitter

Skills for managing steady wave of high tech innovation have become finance pro's prerequisite

As technology has become omnipresent in the world of corporate finance, technology tools have become indispensable to the chief financial officer's pursuit of excellence.

"I think there are three major underlying themes affecting contemporary technology: One is cloud computing, another is mobility and the third is social networking.

And all of those are having a major impact on technology tools being used today," says Gerald Trites, FCA, a technology consultant, researcher and writer based in Mahone Bay, N.S.

"The cloud started out as being application infrastructure platforms provided by outside organizations for consumption by business over

the Internet. Organizations like Google, Amazon and Microsoft offered these technology capabilities and enabled companies to move away from having to develop and maintain their own systems. They gained the advantage of a common platform via the Internet, thereby reducing a lot of computing costs," Mr. Trites says.

Today, he adds, there is discussion about companies developing their own private clouds, perhaps in large part due to security issues, to allow more control of their own systems. Thus, cloud computing has become an important consideration for the CFO who needs to sign off on systems.

"They need to be con-

cerned about who's managing the application, what kind of agreements are in place, how well those systems are managed, the security and information like that," Mr. Trites says.

"There are many ways to talk about the cloud, including the ability to leverage and access information technology resources, storage resources, platform services and the ability to access intellectual property for software applications using the Internet," says Joel Freedman, CPA, vice-president and chief financial officer of Microsoft Canada in Mississauga, Ont.

CFOs should therefore find developments related to cloud computing "very compelling" because they can

keep them engaged not just from a security standpoint, but also in terms of monitoring the cloud's potential impact on optimizing an organization's resources, says Mr. Freedman.

Amex Bank of Canada provides clients with a range of online reporting and mining tools that allow CFOs from various sized organizations to "grab the reins of control over their expense management program," says Rob McClean, vice-president and general manager of the firm's global commercial card, who is based in Markham, Ont.

For example, "we provide clients with a range of customized reporting options that allow CFOs to track payment activity, as well as best

practice reports that provide opportunities for them to consolidate their overall spending," notes Mr. McClean.

Finance pros have also become more and more accepting of social media tools such as Facebook, LinkedIn, and Twitter as an integral technology for communicating professionally – something the CFO needs to take into account within the full scope of their analysis of proper internal controls.

"You want to make sure that the company's most confidential new strategy is not going to be Tweeted after a meeting, so ensuring there's some proper etiquette around the use of social media becomes pretty important as well," says Mr. Freedman.



Rob McClean, vice-president and general manager of Global Commercial Card at Amex Bank of Canada.