



Impressions and Management-Summary

by Marina Hein

Meeting of the ICV expert group Digital Controlling Competence, 24.9.2021

The topic of our previous expert group event was "Digital Controlling Competence - from the idea to implementation in the company". Again we proved our openness for "digital transformation" and met in a 3D world with avatars. This not only allowed for easy networking and an interactive round of questions in the plenum, but also for variety in one-on-one conversations in the garden of the 3D world. The participants rated the "learning from others" concept of the ICV FK Digital Controlling Competence as very good again, and many reserved a place for the next expert group meeting. We were especially delighted about the visit of Claudia Maron, board member of the ICV.

Head of the Expert group and guest speakers at this expert group meeting at a glance:

Prof. Dr. Gunther Friedl, Dean and Head of the Controlling Institute at the TU Munich

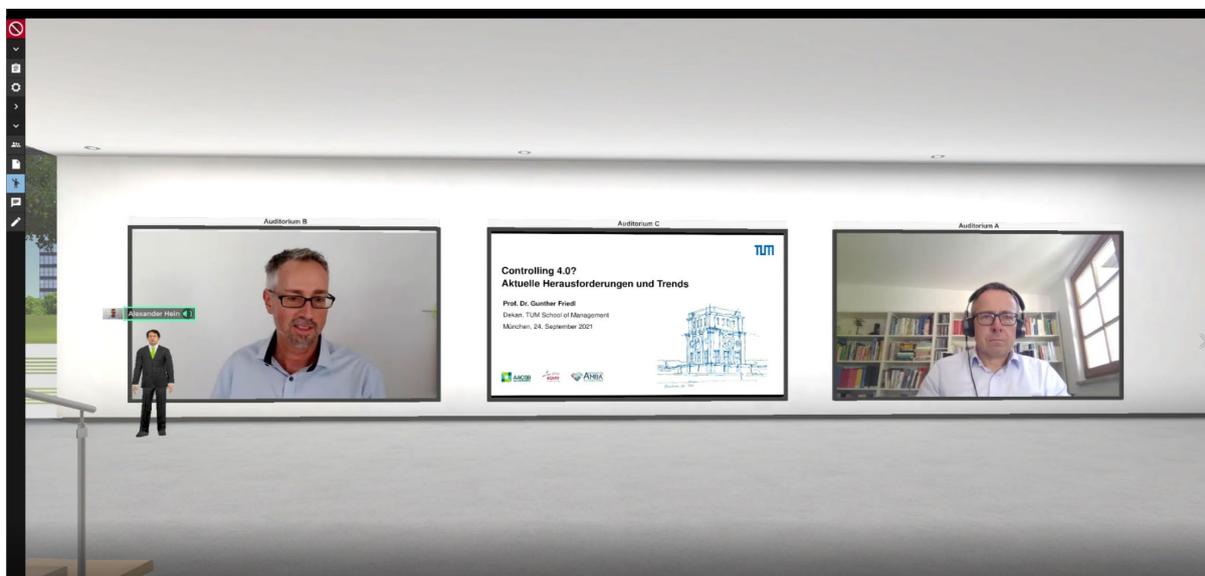
Pascal Speicher, Financial Controller at Villeroy & Boch

Alexander Hein, Head of the Expert group DCC and CEO smartPM.solutions

The topics of the expert group meeting „Digital Controlling Competence“:

1. **Controllers should see controlling technologies as a welcome relief** and not as an "intruder" into tried and tested routines. Clarification and advanced training are required to rethink rigid role models and processes - what steps are necessary to do this?
2. **The controller as guardian of the corporate objectives** - cross-departmental decision support by the business partner
3. **The journey to a fully integrated controlling system:** We learn from Villeroy and Boch, including impressive, seamlessly integrated risk management system
4. **Networking on the following topics:** risk controlling, data quality, coordination process, integrated planning solution

1. "YES I WANT" - The controller opens up to new roles and technologies



In both guest lectures, by Gunther Friedl and Pascal Speicher, **an essential component in the implementation of digitization in the company emerged - namely to get professional users on board.**

The participants in the specialist group agreed that the decision for a supporting technology should be supported by the professional users. **The openness to support controlling tools, which massively reduce the workload of routine activities, must be actively promoted in the company.** Workshops and further training measures help to slowly turn the role model and encourage to think outside the box. **Analysis and digital skills must be strengthened.** In many companies we are observing the trend towards DCC academies.

In any case, Prof. Dr. Gunther Friedl advocates the consistent use of digital assistants on a reliable, up-to-date database. With outdated systems, you lose so much time merging and analysing data that detailed analysis is no longer possible. **Reporting should also be automated and standardized.** RPA and AI support the processes. **Finally, the controller is a business partner and coordinates the business management.** At least that is the goal. The participants at the expert group event did not yet agree on whether a controller should "incorporate" all "new roles" or whether there should be a distribution of roles in the controlling team. The tendency is towards depth rather than breadth. It is better to have a focused specialist in the team (e.g., data scientist) than an all-rounder who only masters many things in a superficial way.

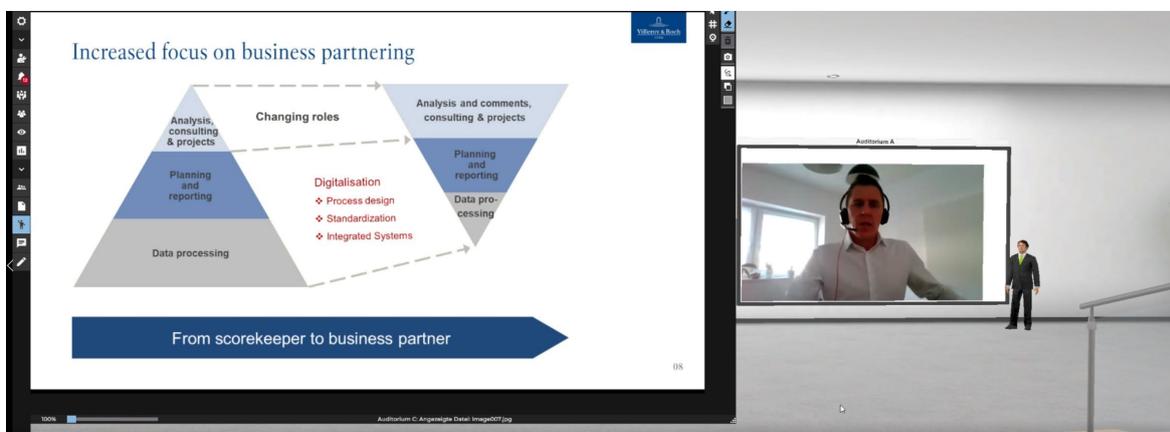
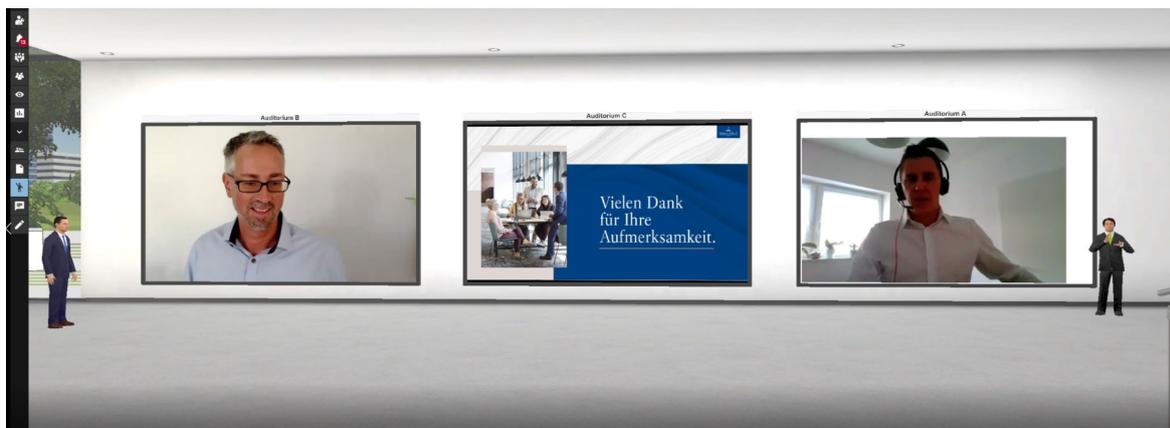
Gunther Friedl recommends in his presentation: **Break down barriers of acceptance and get rid of the "we don't need" mentality.** The aim is to make the benefits "tangible" for the controller (e.g., relieving of routine activities), clearing up possible misunderstandings (e.g., with IT) and thus making the controlling community more open to new controlling technologies and methods (e.g., artificial intelligence) and promote roles.

2. The controller monitors the achievement of the strategic corporate goals

As mentioned by Utz Schäffer at the ICV DCC kick-off event in May, the "new" **controller** is not the scorekeeper anymore, but **brings together all the essential information in the company to support decision-making** - and also needs to support ad-hoc decisions. Therefore, the function of controlling should not only be limited to the finance sector, but should include **cross-departmental** recommendations. With the **main purpose of achieving the strategic corporate goals**, controlling can,

for example, also support the decision on the future product portfolio. Yes, that is not only reasonable, but also the intention of an integrated digital controlling solution for comprehensive corporate management.

Pascal Speicher shows in the Villeroy & Boch use case the journey to **integrated planning**. The main **advantage** of this solution (Basic Unit4 FP&A, implemented by smartPM.solutions) **is the single point of truth with always up-to-date, reliable data, simpler processes, standardization, and automation across many areas**. Pascal considers the **shift of activities away from data processing to analysis, recommendation, consulting, and project orientation to be particularly beneficial**. While data processing based on Excel used to take a lot of time and nerves at V&B, the **specialist department reduces time-consuming activities and increases analyses, scenario comparison and decision preparation**. ‘From Scorekeeper to Business Partner’, Pascal sums up this added value. And here we’ve come full circle again. The vision is an integrated system for planning, reporting, consolidation, budgeting and risk management with a common "financial mindset". Just a few figures from V&B: Over 130 users, 54 legal entities, 125 countries.



A key focus at V&B is also **risk management** with over 150 other users and 27 risk categories. The participants at the ICV DCC meeting were very impressed by the solution built (including consideration of qualitative risks and risk aggregation with modern statistical methods) and exchanged views on their practical approaches to risk planning. This will also result in further one-on-one conversations between the participants that will provide assistance. In the opinion of Pascal Speicher, the journey of digitization in controlling is far from over, and he shows future plans in the direction of predictive and prescriptive analytics.

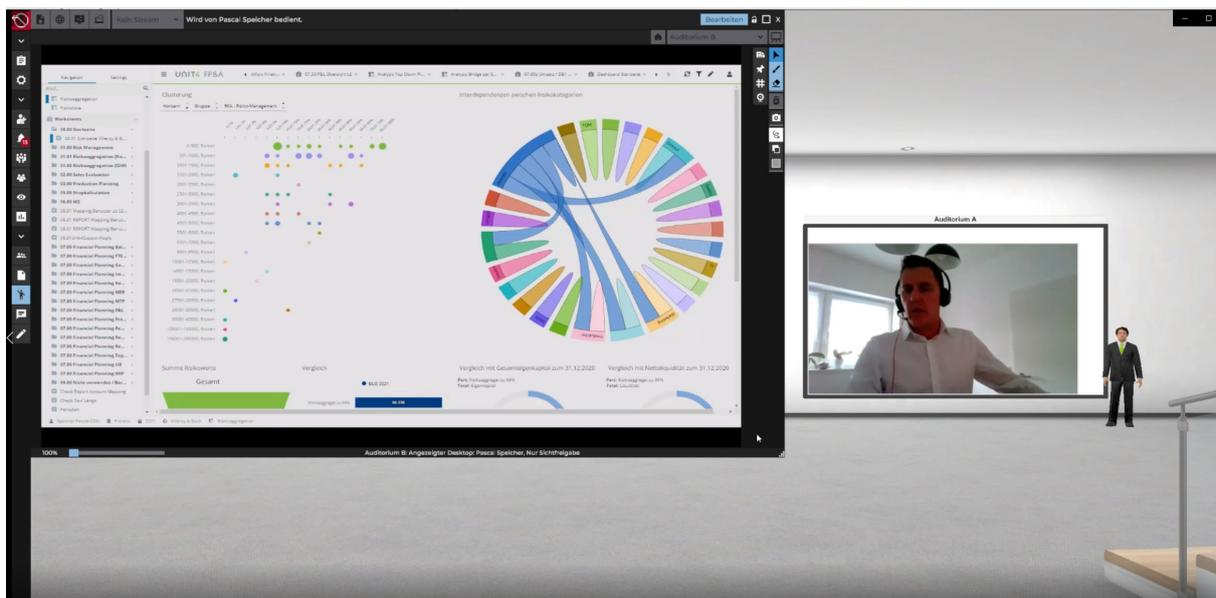
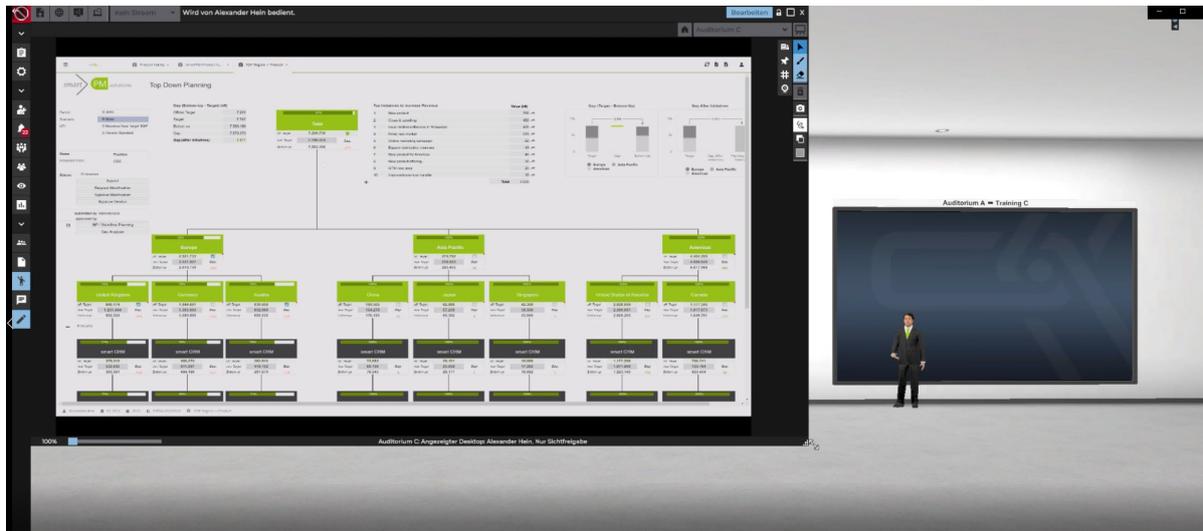


Figure 3: Risk management V&B with interdependencies of the risk categories & risk map

3. The xP&A concept – The journey to a fully integrated corporate system

Alexander Hein takes up the “One integrated system” approach shown by Pascal Speicher and already largely implemented at Villeroy and Boch and shows in his presentation the **possibility of a comprehensive management control that includes all business areas and departments**. This concept, known under the term **"integrated business planning or extended planning & analysis" (xP&A)**, **should ultimately be the goal of the controlling journey**, which allows a complete view on the company and agile management. From procurement/purchasing controlling to project/program

performance management, S&OP performance management to marketing and sales performance management, **all loose ends of the company should be connected**. A seamless cooperation including **traceable roles and initiatives from all departments** is essential and is already seamlessly integrated into market-leading controlling technologies.



top-down planning vs. bottom-up planning, key driver

The top-down vs. bottom-up planning approach in combination with value driver-based planning is also perceived as particularly practicable in the discussion with the participants.

4. Networking and closing of the expert group DCC meeting

While networking in the garden, many interesting questions were put to the pioneer company V&B. Different topics were discussed, from data quality to risk management.

The conclusion: You cannot handle large amounts of data with Excel, that is only possible in an integrated system including dashboards and deviation analysis. The basis is a consistent, central data

specification/database (including essential KPIs) for all levels in the company to ensure data quality and transparency. The data analysis also serves as a quality control for the data, of course only if the quality management is strict.

Communication, collaboration, and interaction is also easier in an integrated system, for example if a colleague in a subsidiary, e.g., a sales controller in Italy, submits figures using a standard form with uniform logic, the division controlling management can continue to work with the current database and import top-down adjustments that are then reflected by the local controller - ideally live via online collaboration, e.g., via MS Teams. The big advantage: Much more efficiency and increased quality as well as time savings in analysis and recommendations.

V&B strives for “one financial mindset”, which is passed on to colleagues in the form of an academy. This also reduces voting rounds and questions if all colleagues from the headquarters to local subsidiaries have the same logic. The detailed planning, e.g., in SAP, is also shortened as a result. All of this is very much appreciated by the V&B management.



Figure 5: Networking and workshops in the 3D garden. The motto “Learning from pioneering companies”

5. Thanks to all participants for their input - that's what makes the expert group come alive!

Our goal? Bringing FP&A experts closer to digital technologies to relieve them and free them up for value-adding tasks!

With more than 40 registrations (excluding organizers and support team), the interest in the expert group event was very high. The number of participants is deliberately limited to a maximum of 40 participants - this is not only due to technical but also quality assurance reasons. It has been proven that the participants can exchange ideas as avatars in the 3D worlds (almost) as in reality. For the next event on January 28th, 2 p.m. - 6 p.m., many places are already occupied.

All videos, presentations and reports on the specialist group events are only accessible to specialist group members - after registration and acceptance into the specialist group - on the Digital Controlling Competence knowledge platform. More information about the expert group and registration is available on the ICV website: <https://www.icv-controlling.com/de/arbeitskreise/dcc-digital-controlling-competence.html>



Thanks to the active participants for their commitment to the expert group event! Yours Alexander Hein, Head of the Expert Group & Christian Bramkamp, Deputy Head of the Expert Group