Modern Finance

September 2023

Microsoft

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CHAT

What are the characteristics of a successful CFO?

Searching for: **what are the characteristics of a successful CFO**

Generating answers for you...

- General management understanding
- Intensely entrepreneurial
- Thriving in ambiguity and chaos
- Risk takers as well as risk managers
- Highly collaborative

Other qualities: excellent financial acumen, honesty/integrity, balance, people skills and adaptability/flexibility/agility

Stop Responding

New topic

What are the characteristics of a successful CFO?

WORLD ECONOMIC FORUM

“In a 30-year career, I’ve never seen a more uncertain, unstable economic situation than what we’re facing now, particularly for chief financial officers. The pandemic is lingering, inflation is rising, a recession is looming, the global supply chain is out of balance and worsening, labor shortages persist, and there’s a brutal war in Europe”

Quote from WEF

"By adopting innovative technologies, finance will strengthen its business leadership through compliance, accuracy, and efficiency."

— Amy Hood, Executive Vice President and Chief Financial Officer, Microsoft

Today’s finance challenges

Surging data + legacy systems + static reporting

Inadequate tools to anticipate growing business complexity

Manual, inefficient and error-prone processes

Increasing regulations, risks, and threats

Remote workforce juggling “new normal”

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Microsoft Finance org structure

WW Commercial Finance

- Cloud & AI EG
- Modern Workplace & Security EG
- Finance MSIO
- Corp Dev
- WCB
- GSMO
- Business Desk

WW Experience, Devices, and Marketing Finance

- Stores
- Online & Advertising
- Consumer & Developer
- Entertainment & Devices
- XBOX

Central Finance Team

- Investor Relations
- Corporate Services and M&A
- Procurement
- Corp FP&A
- **Finance Data & Experiences (FD&E)**

Business Operations

Treasury

Tax & Trade

Real Estate & Security

Corporate Finance & Services

- Accounting
- Finance Operations
- Commerce Finance
- OneFinance Shared Services
- **Intelligent Transformation Finance (ITF)**

Audit, Risk & Compliance

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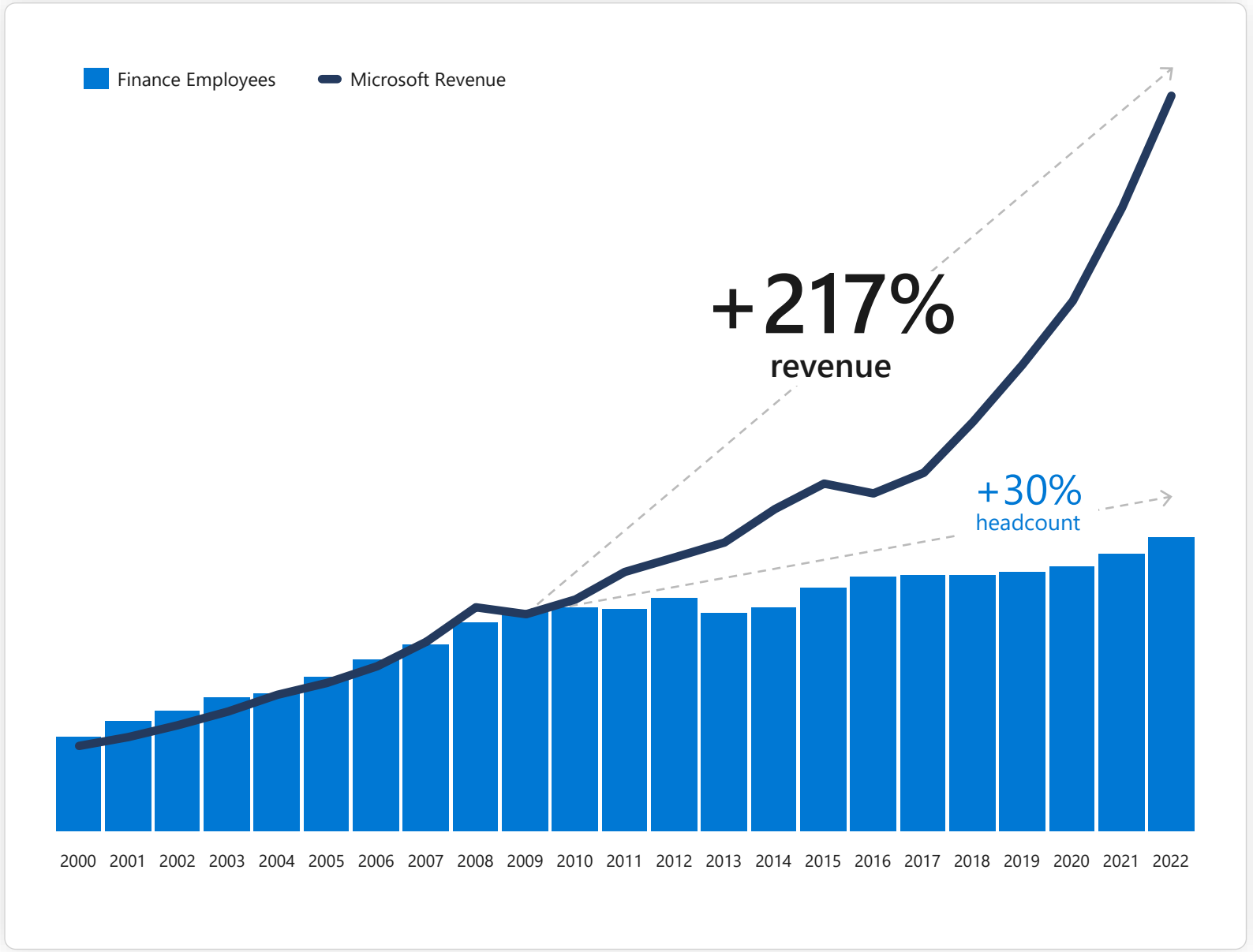
Microsoft Finance is on a journey to empower our people to achieve more



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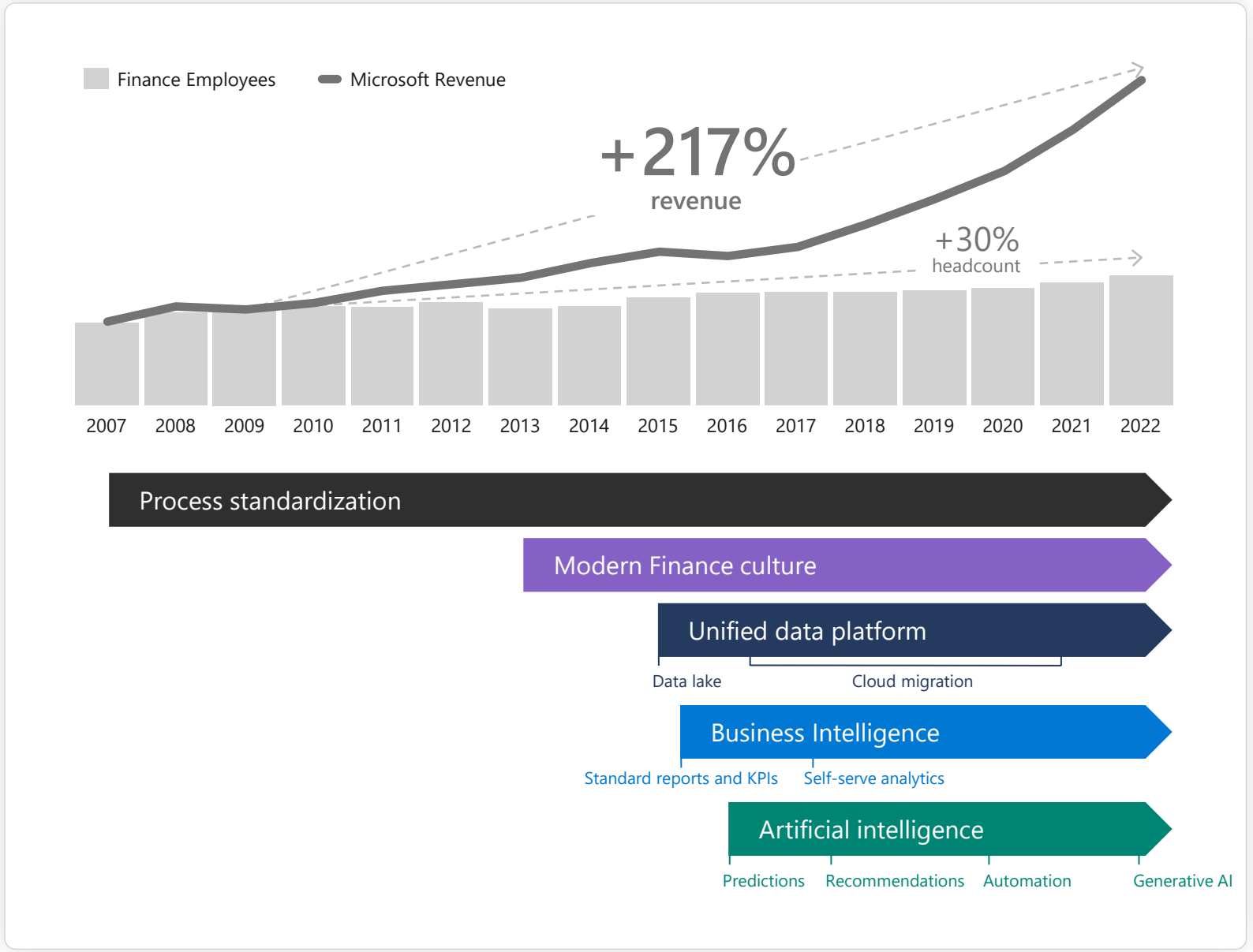

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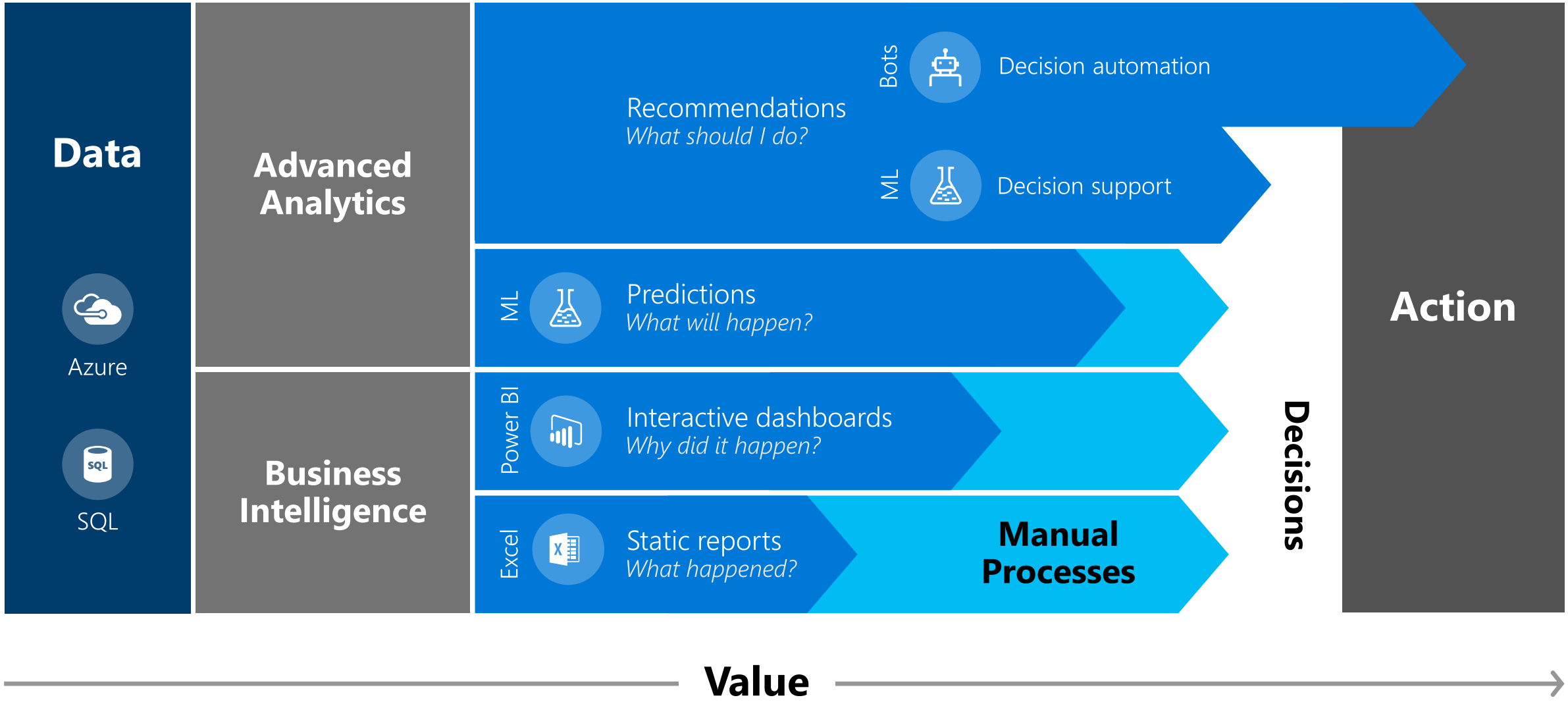
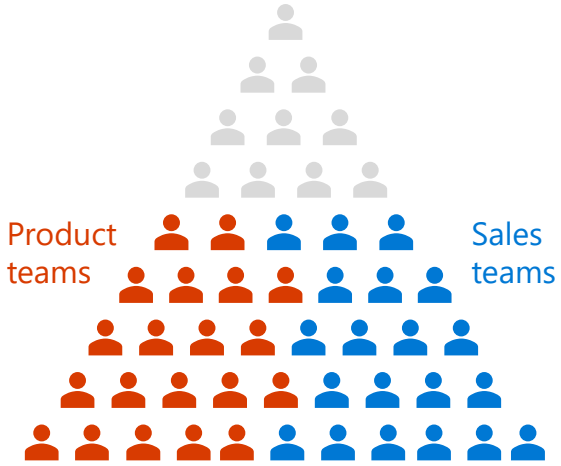
Digital transformation journey



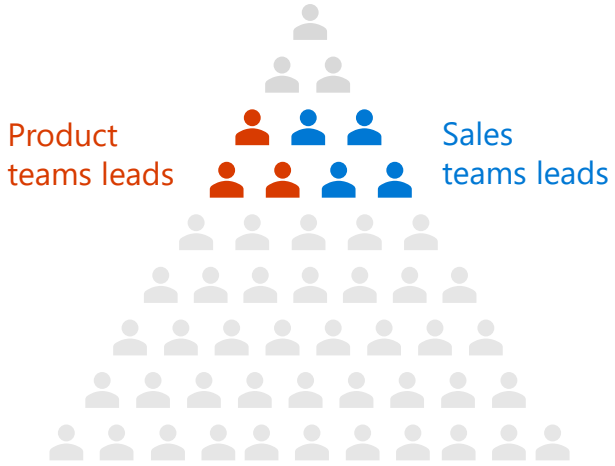
Past revenue forecasting process

Local & product forecasts



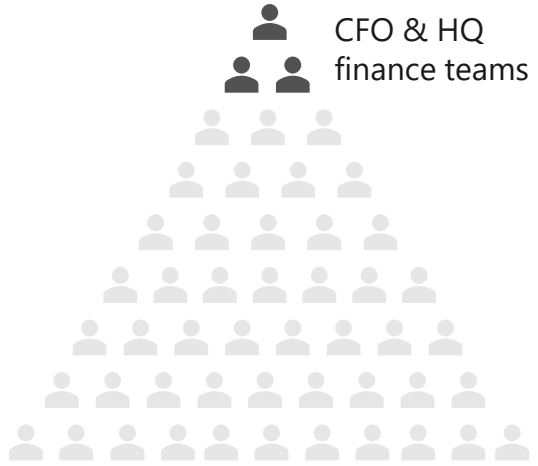
100+ analysts build Excel forecast models 2 weeks prior to quarter end

Management reviews



Over 1-2 weeks, product and sales leads use their expertise to judge up/down the forecasts

Global & executive reviews



CFO and HQ finance teams push product and sales teams to land balanced, closest-to-the-pin forecasts

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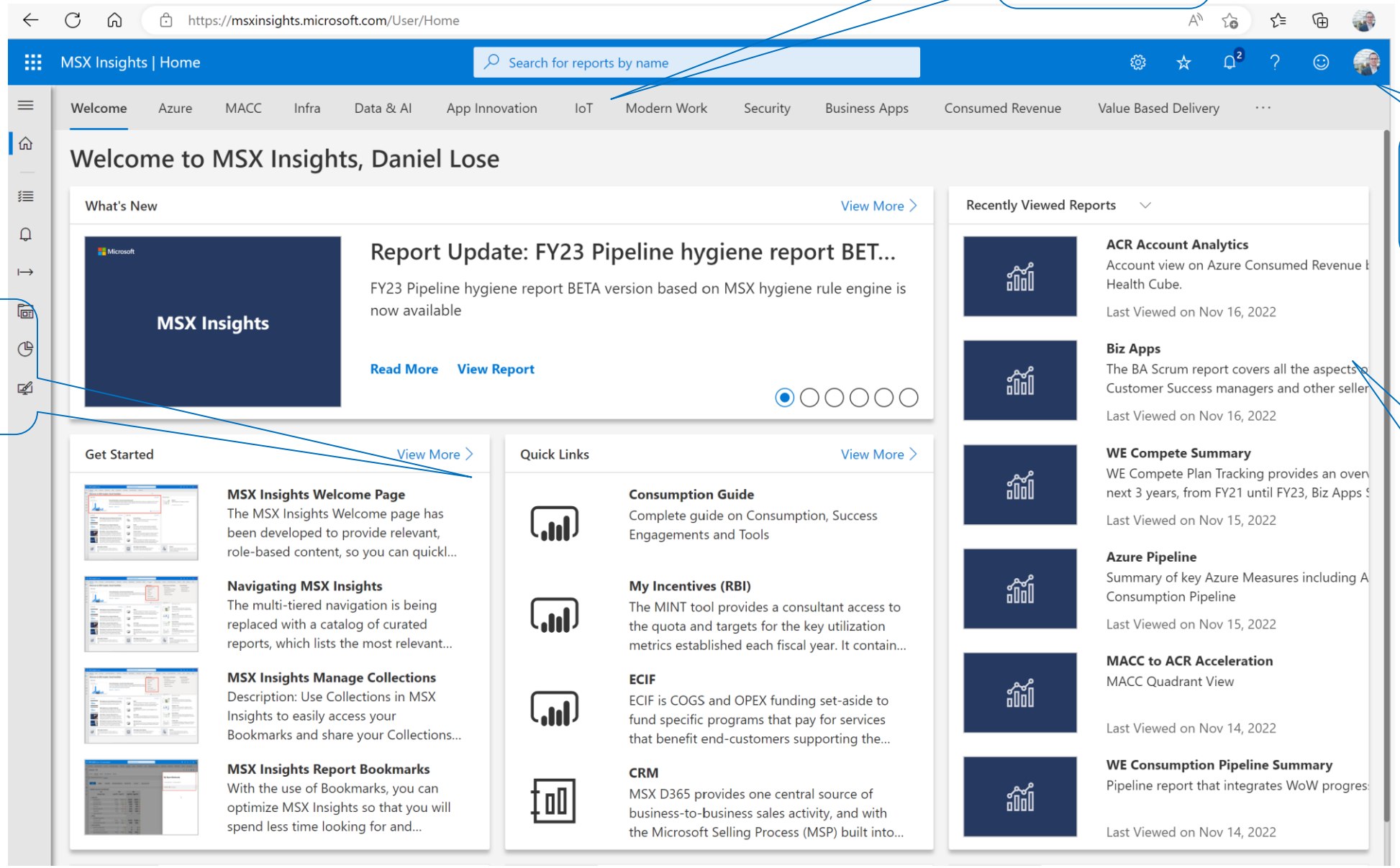
MSX Insights – Welcome page



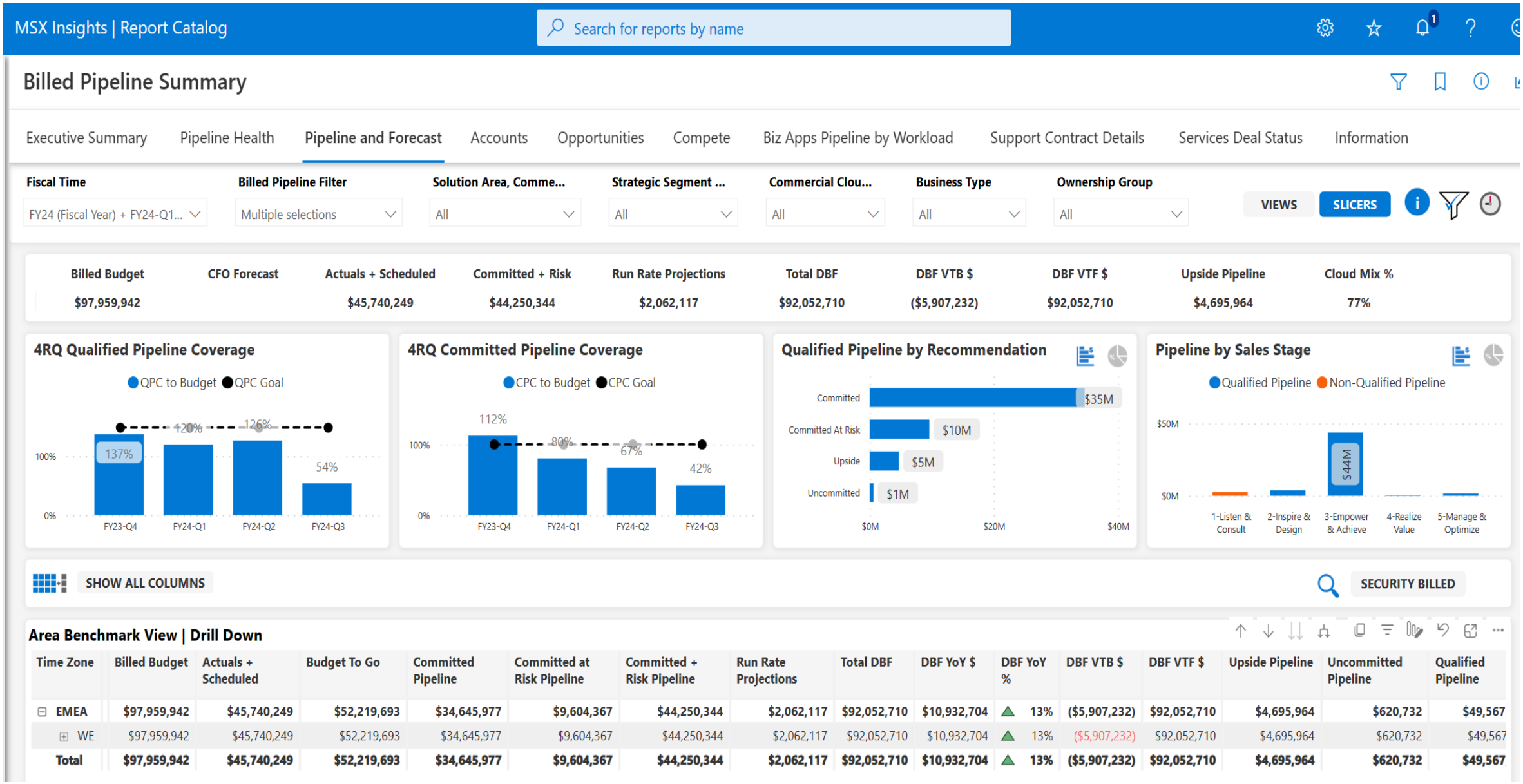
Ability to drill down by topic

Customized views based on individual role and access permissions

Help links and quick links

Recently Viewed reports gives me quick access to my most used reports

MSX Insights – Pipeline Summary



Global sales ML revenue forecasting

Components

Country-by-country sales data

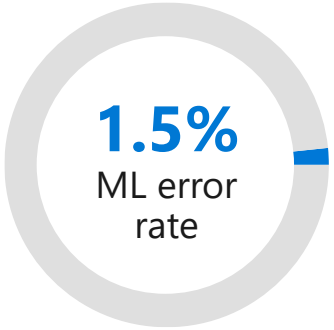
+

finance analysts & data scientists

+

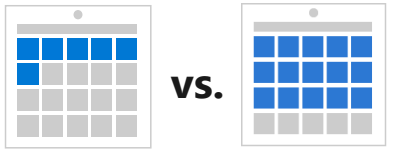
Microsoft Azure Machine Learning

Accuracy



(compared to 3.0 % pre-ML)

Efficiency



6 days instead of **3 weeks**

Contributions

Local deal execution

Regional resource decisions

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So WHAT's NEXT?

Traditional AI

Simple model

Purpose-built
for one use

“Narrow”

Next generation AI

Massive model

Generalized intelligence
with many applications

“Generalized”

AI in finance

Traditional AI examples from Microsoft

Finance process	AI integration	Efficiency
Record to report **Scaling commercial contract reviews**	Reads 10K contracts and provides risk scoring to tag 30% that require an assessment by a technical accountant and to zero in on flagged terms	↓ 50% less time reviewing standard contracts
Order to cash **Augmenting collection prioritization**	Identifies accounts receivable customers deemed high risk of delinquency then generates a prioritized workflow list to speed up cash collection calls	↑ 10% collection efficiency
Tax & treasury **FX cash collection forecast**	Centralizes FX cash collection forecast, frees up time for subsidiary to prepare and submit forecast, improves forecast accuracy by 6% and reduces FX impact on other income by 25%.	↓ 25% FX impact on other income
Planning & analysis **Forecasting with machine learning**	User-friendly tool that applies 25+ models to thousands of time series in parallel, automatically handling feature engineering, back testing and model selection to deliver results in minutes	↓ 50% less time on forecasting
Procure to pay **Streamlining invoice approvals**	Assigns real time risk scores in order to automate more than 1M low-risk invoices and cutting manual effort for the rest by 50%	↓ 125K hours saved per year
Risk management & compliance **Journal entry anomaly detection**	Machine learning algorithms built to review thousands of journal entries to detect anomalies in order to reduce financial reporting risks of fraud or misstatements	↓ 15% time savings

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AI in finance

Where we are starting with generative AI

Summarize information

- Summarize earnings scripts to identify significant trends and highlights
- Recap meeting transcripts to capture key points and assign actions
- Distill collection agents' call notes into actionable plans
- Flag important terms from customer contracts related to payments, pricing, and discounts
- Synthesize complex workflow documents to highlight handoffs and commonalities

Recommend actions

- Analyze financial close variances and recommend areas of the business to investigate variance drivers
- Define collection strategy based on customer payment history
- Evaluate audit workpapers and resolution disputes against audit controls
- Guide users in setting up purchase orders, invoices, expenses, and payments
- Recommending policy adherence within workflows

Generate content

- Draft monthly financial close review deck and write analytical comments and insights
- Produce market sentiment analysis using transcripts from corporate earnings calls and central banking authorities
- Write contractual language based on simple notes
- Draft collection call follow up emails in different languages with payment plans details
- Write initial internal audit reports and investor relations earnings call scripts

Simplify tasks

- Accelerate financing requests by automating credit checks and policy reviews
- Review sourcing contracts to ensure compliance and reduce human error
- Automate Sarbanes-Oxley Act (SOX) operational controls and summarize insights
- Prioritize collection emails, tag disputes, and identify resolution owners
- Streamline tax and customs procedures by identifying compliance obligations from different global jurisdictions

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How AI Copilots may assist in the future:

Forecasting

- Leverage Azure OpenAI GPT or Excel copilot
- Ask model for insights about the forecast

What's driving YoY growth the most?

What products are in decline? What's outside forces are causing the decline?

How does the latest forecast compare to budget?

Produce a report of the forecast and summarize next quarters results

Provide tips to improve forecast accuracy

What products had the worst historical accuracy?

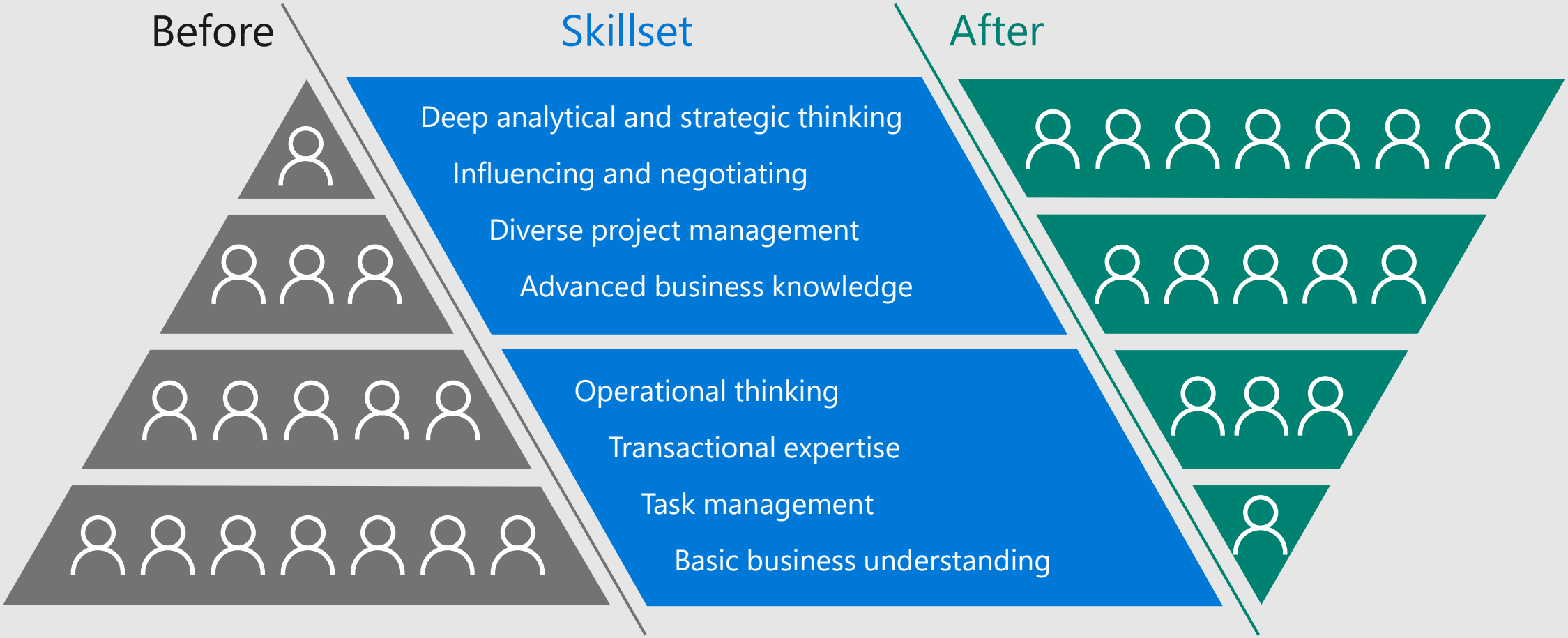
How has the forecast in LATAM changed during the last few tool submissions?

Teach users how certain ML models work and used the input data to produce a forecast

Understand and gain insights from the raw data, setting the user up for more success after leveraging machine learning

Empowering finance employees

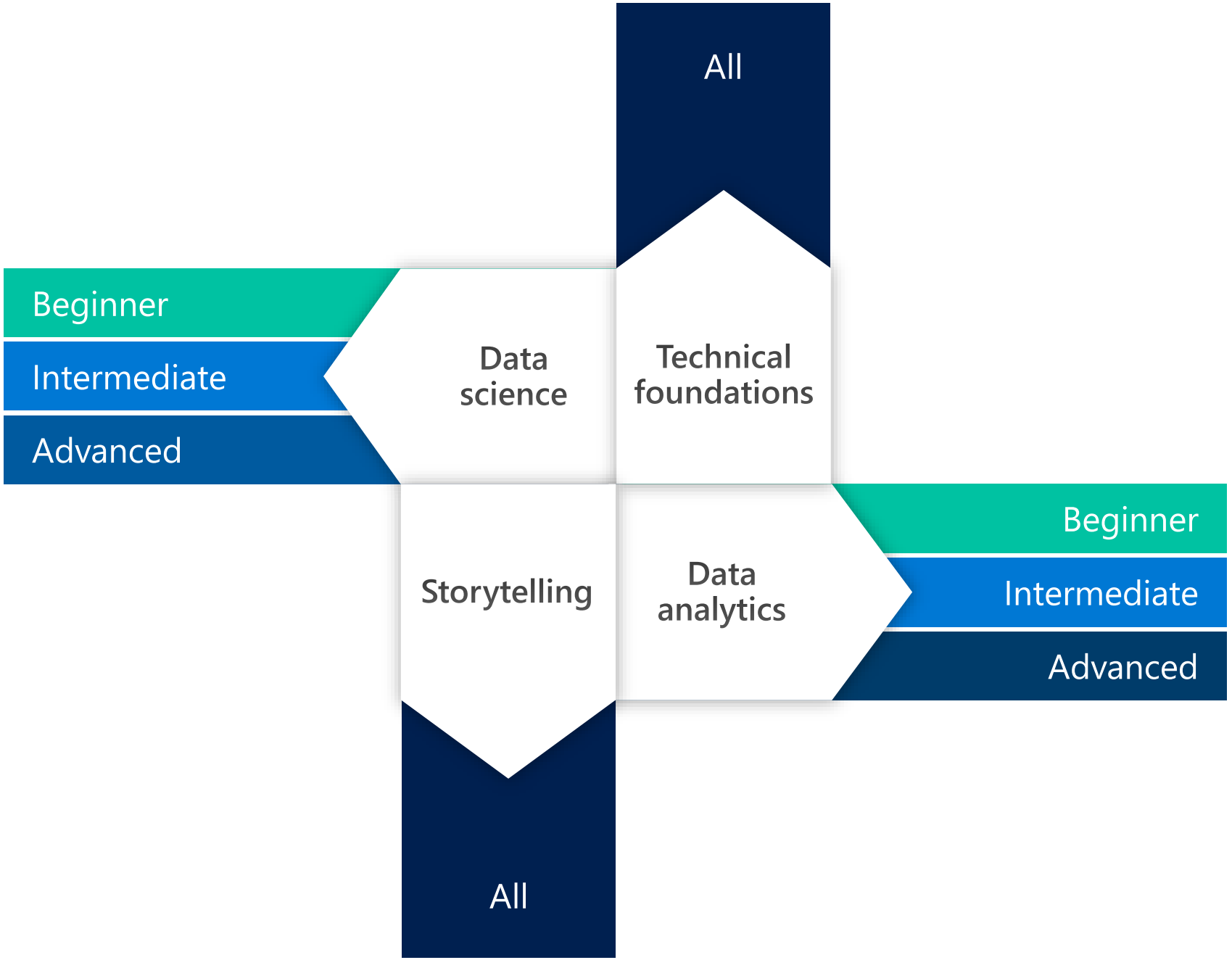
Time spent on various activities in Finance



Finance

Learning Paths

Launched March 2019



Always learning organization

Finance Academy

Learn and grow in Finance

Welcome!

We strive to create an inclusive environment where you are empowered to learn and develop as a Finance professional.

Our Finance Priorities support Our Mission as a company; to empower every person and every organization on the planet to achieve more.

Feedback or questions? Contact us at Finance Academy.

Amy Hood, CFO Microsoft

New! Learning paths

Take advantage of the various self-directed, accessible, impactful and rewarding learning paths in Microsoft Finance.

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Finance

Stay up to date with the Finance leadership team, Finance All Hands, tools, processes and more!

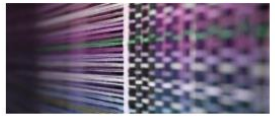
Modern Finance

"By adopting innovative technologies, Finance will strengthen its business leadership through compliance, accuracy, and efficiency," - Amy Hood

Amy Hood and Finance Academy Stream Channel

Check out Stream to view recordings and videos of Amy Hood and the Finance organization.

Culture, diversity & inclusion



Relentless focus on inclusion, ally ship and community
Model our culture, leadership principles, and owner mindset

Finance behaviors for inclusion

Finance Diversity and Inclusion

Diverse and Inclusive for employees

SWIFT

Preview (5)

Early talent development

Develop early in career talent

FRP Program

Preview (2)

Management excellence

Attract, onboard, and retain diverse teams
Prioritize coaching and management capabilities

Finance Manager Path

Managers@Microsoft

Manager Excellence Community

Preview (5)

Career development

Grow careers and employee capabilities through learning and development

Onboarding

Career

New! Learning paths

Professional resources

Preview (5)

Learning Paths

Completed · In Progress · Not started

Technical Foundations

Topics: Modern Finance, Azure, D365 and O365 overviews, business intelligence, productivity (teams and power platform) and general ai concepts

Badge Not Earned

Not Started

Beginning Data Analytics

Topics: Basic statistics, business intelligence in Excel and Power BI, Power Platform and analytics storytelling

Badge Not Earned

Not Started

Intermediate Data Analytics

Topics: Statistics, data management, business intelligence in Excel and Power BI, productivity and storytelling.

Badge Not Earned

Not Started

Advanced Data Analytics

Topics: Advanced statistics, data management (including Azure SQL, Data Bricks and Blockchain), business intelligence, storytelling and ethics.

Badge Not Earned

Not Started

Beginning Data Science

Topics: basic statistics and python, intro to artificial intelligence, machine learning, the bot framework and cognitive services

Badge Not Earned

Not Started

Intermediate Data Science

Topics: (follows the Microsoft Professional Program for Data Science) statistics, analytics storytelling, advanced math, python, applied data science, capstone project.

Badge Not Earned

Not Started

Advanced Data Science

Topics: (follows the Microsoft Professional Program for artificial intelligence) statistics, math, ethics in data science, deep/reinforcement learning, cognitive...

Badge Not Earned

Not Started

Storytelling

Topics: public speaking, credibility, confidence, creating and giving business presentations.

Badge Not Earned

Not Started

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“We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten. Don't let yourself be lulled into inaction”

@Bill Gates

Lessons learned

No data shortcuts

Early wins matter

Celebrate the risk takers

Partnering with CIO is essential

Leadership must prioritize

Compliance focus

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