MHP
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THE PARADIGM SHIFT FOR THE CFO

How Digitalization, the Mobility Transition and Sustainability are Changing Finance Departments in the Mobility Sector

WHITEPAPER

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Foreword and Introduction

Foreword

In 2020, we produced the first study on digitalization in finance departments in the automotive industry. It was carried out as part of a successful collaboration between the universities of Göttingen and Groningen, along with MHP Management and IT Consulting GmbH. The 2020 study focused on the opportunities and risks presented by digitalization, as well as analyzing its current state at the time. Today, barely four years later, the situation has changed drastically. Transformation in finance departments is no longer shaped solely by digitalization; changes in the mobility sector as a whole and the increased emphasis on sustainability are having a significant impact as well. Companies from a variety of sectors are entering the market, shaping an entirely new mobility landscape. In this study we continue our work from the previous study by examining the impact that these changes are having on finance departments.

The study is based on a survey of over 100 CFOs and finance experts from the mobility sector. The survey was conducted by Prof. Dr. Michael Wolff, Dr. Yannik Gehrke, at the Chair of Management and Control at the Georg-August University of Göttingen, and Dr. Sebastian Firk from the University of Groningen, in collaboration with Markus Hänssler, Henning Deters, Leonie Funk, Jil Sauer, and Yannick Sempert from MHP Management and IT Consulting GmbH.

Introduction

The mobility sector is going through a profound transformation due to technological advancements, shifting customer needs, and the challenges posed by the mobility transition. These changes have significant implications for finance departments, particularly for the role of the CFO. At the same time, digitalization has gained even more significance since the initial CFO study carried out in 2020. It now impacts companies in nearly every industry, encompassing aspects such as automation, artificial intelligence, robotics, and data-driven decision-making. The digital transformation of business models and financial processes enhances competitiveness and opens up new revenue streams based on digital products and services. Blockchain and cryptocurrencies are revolutionizing payment processes and transactions.

The mobility transition is another pivotal area of transformation, presenting significant challenges and opportunities for the automotive and supplier industries. The transition involves new products, platform technologies, alternative propulsion methods, and autonomous driving. These changes require investments, organizational adjustments, and new management control (MC) approaches. In return, they offer independence from the global supply chain and the chance for revenue growth in new business areas.

The interrelationship of digitalization, the mobility transition, and sustainability is clearly apparent, particularly when it comes to creating sustainable business models and meeting growing regulatory ESG requirements. The challenge for CFOs is to understand these developments and make strategic decisions that guide the company to a successful future.

Management Summary

More than **100** participants from the mobility sector.

15 OEMs (Original Equipment Manufacturers) participated.

For this study, **102 companies** in the mobility sector from German-speaking regions provided insights into the impact of digitalization, the mobility transition, and sustainability on the finance department.

When it comes to digitalization, the finance department takes on a **strategic advisory role** for the entire company.

The strategic advisory role of the finance department **is particularly pronounced at OEMs.**

Solely regulatory view of sustainability issues in the financial sector; there is **rarely a clear mandate for holistic management and implementation**.

The level of **digitalization** is seen as more **advanced** at mobility service providers.

66 % increased user satisfaction with financial IT systems (compared to 2020).

Resource shortages in finance departments are already evident now.

-11 % digital initiatives in the finance departments (compared to 2020).

Definition of Terms

Digitalization

This study focuses on two main aspects of digitalization: (1) The comparison of the current state of digitalization in mobility sector finance departments with the results of the previous study and (2) new insights on the topic of digitalization in finance. While the previous study examined the topics of organization, technology and skills, the current study focuses on the technological and infrastructural aspects of digitalization. For that reason, it is important to define the context for this CFO study and the finance departments.

The technological aspects of digitalization include use of e.g. robotic process automation, big data, and artificial intelligence to enhance decision-making processes and improve efficiency. Cloud solutions, software-as-a-service and fintech solutions are also important elements of digitalization in finance.

Infrastructural aspects are also significant factors in digitalization. Without a solid technological foundation, a comprehensive digital transformation cannot be accomplished. This requires the development of a "digital core" and planning of a technology platform that will be ready for the challenges that the future will bring.

Sustainability

In the mobility sector, sustainability is important to society as a whole and also offers a competitive advantage. In this context, for businesses, sustainability means not only protecting the environment, but incorporating aspects of social responsibility and economic stability as well. Mobility companies are working actively on sustainable innovations, including low-emission transportation, optimized supply chains and alternative mobility solutions – all of which aim to build a low-carbon, resource-efficient future.

Compliance with new regulations also demands more attention; beginning in 2025, the CSRD regulations will apply to many companies for the reporting year 2024. The current CFO study examines many key aspects in order to accurately represent the current state of sustainability in finance departments. These aspects are:

- The incorporation of sustainability in the business, including the vision, strategy, goals and initiatives.

- The role of finance in improving sustainability criteria, complying with regulations and enhancing sustainability performance throughout the company.

- Transparency, calculation, integration and traceability of sustainability metrics as well as the relationship between sustainability and financial metrics.

- The analysis of the impact of sustainability measures on costs, financial success, attractiveness to employees and the company's image.

Mobility Transition

An additional key aspect of our study is the mobility transition. The transition to electric vehicles has already begun in car manufacturer's production lines; they should replace combustion vehicles in the medium term. These changes affect not only car manufacturers, but suppliers as well. This is because many vehicle components are no longer required, or have been replaced by other components. In addition, an increasing number of suppliers are pushing alternative mobility solutions onto the market, such as e-scooters and car-sharing fleets. Traditional taxis and inner-city public transport are facing strong competition from these new solutions.

The auto industry has reacted with a variety of subscription and in-car payment solutions to retain the loyalty of their existing customers. But the mobility transition also impacts other companies such as electricity providers and municipal utility companies. The businesses are faced with the challenge of developing new business models, such as the provision of charging stations and charging points, but also of coping with the increasing demand for electricity due to the expansion of renewable energy sources.

Study Participants

The study is based on a survey of over 102 finance executives and experts from the mobility sector. The majority of them (88 %) come from the traditional automotive industry, to which car manufacturers and suppliers belong. The remaining 12 % represent the expanded mobility sector, to which startups, railway companies, airlines, bus operators and other suppliers belong. Figure 1 categorizes the participants according to their industry as well as the size of their company in terms of revenue and the number of employees.

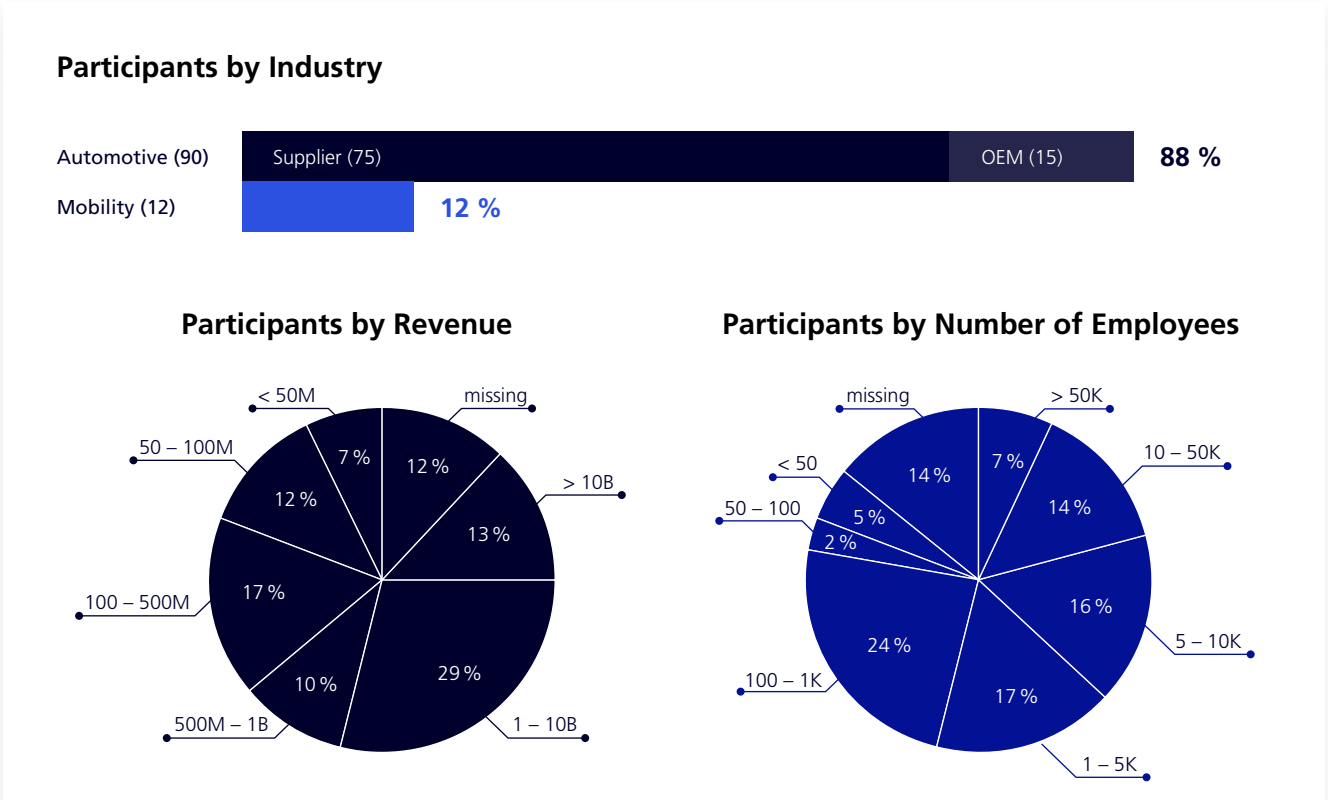

Figure 1: Percentage distribution of participants by industry, revenue and number of employees

Results

Digitalization: Status Quo and Changes Since 2020

Digitalization is increasingly seen as an overarching strategic theme

At this point, digitalization in the realm of finance is now more fully integrated and structurally embedded within the company's overall strategy. In comparison to 2020, 31 % more respondents indicated that there is a connection between digitalization in the finance department and the company's overall strategy (see Figure 2). The results also show that there are fewer strategies and roadmaps explicitly for the area of finance, which indicates that finance is operating less independently than in 2020. As a result, digitalization is increasingly seen as an overarching strategic theme throughout the entire company.

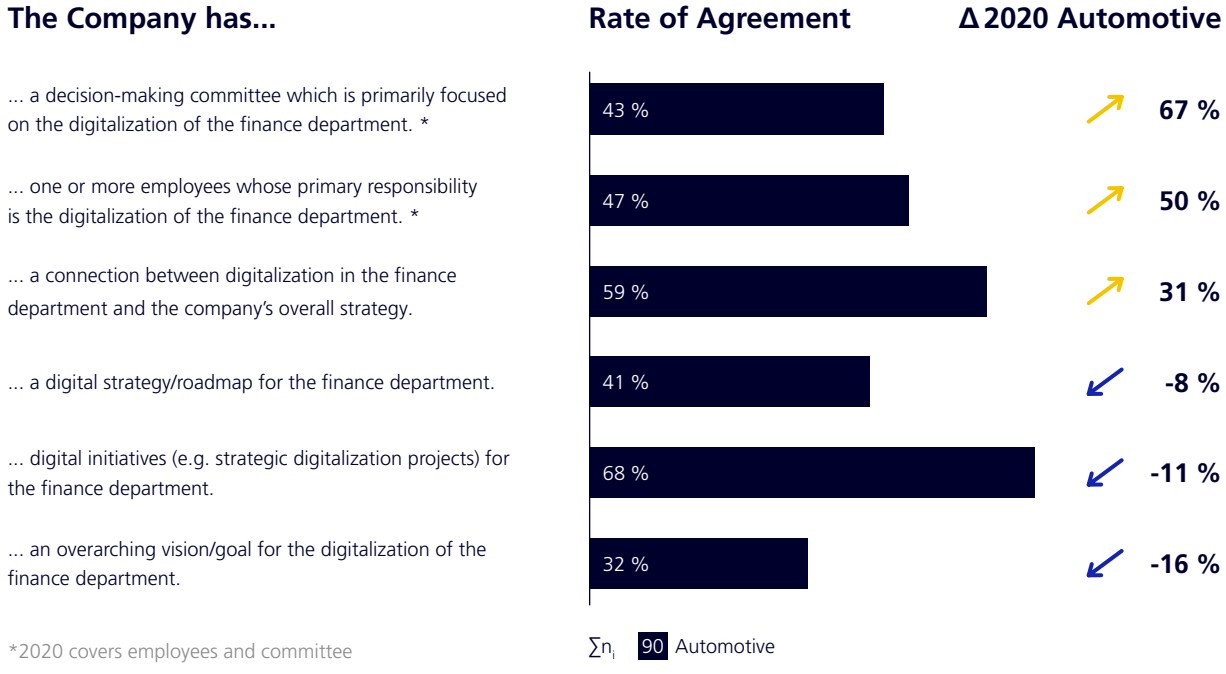

Figure 2: Organization and strategic anchoring of digitalization

The technical infrastructure has improved significantly compared to 2020

Many companies made significant investments in these areas, particularly during the COVID pandemic. The survey participants saw this as a positive development. Figure 3 shows, for example, that most companies have a very stable infrastructure.

The number of respondents who agree that they are satisfied with the infrastructure has increased by 67 % compared to 2020. Despite this progress, further investments in the areas of modernity, performance and user satisfaction are still needed.

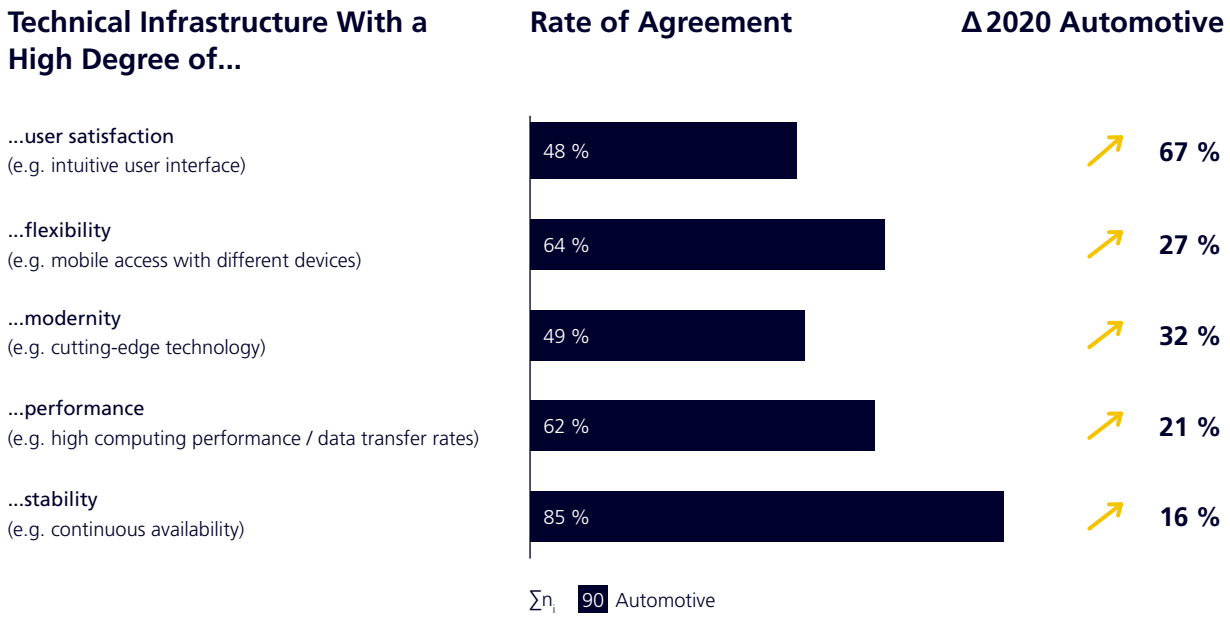

Figure 3: Perception of technical infrastructure quality

While the use of cloud solutions is increasing, the use of approaches such as artificial intelligence and predictive analytics still hold great potential

We can see that there have been advances in the continued development of technical infrastructure as well as the use of cloud-based solutions and automated technology. For example, 44 % of survey participants indicated that they use cloud-based solutions in their daily work, which is slightly less than a 53 % increase compared to 2020 (see Figure 4). Despite these positive developments, the survey also showed that there is still significant room for improvement in all these areas. This is particularly true of the use of artificial intelligence and predictive analytics in the area of finance. Although these topics are frequently discussed, only about one in ten finance departments implements them in practical terms.

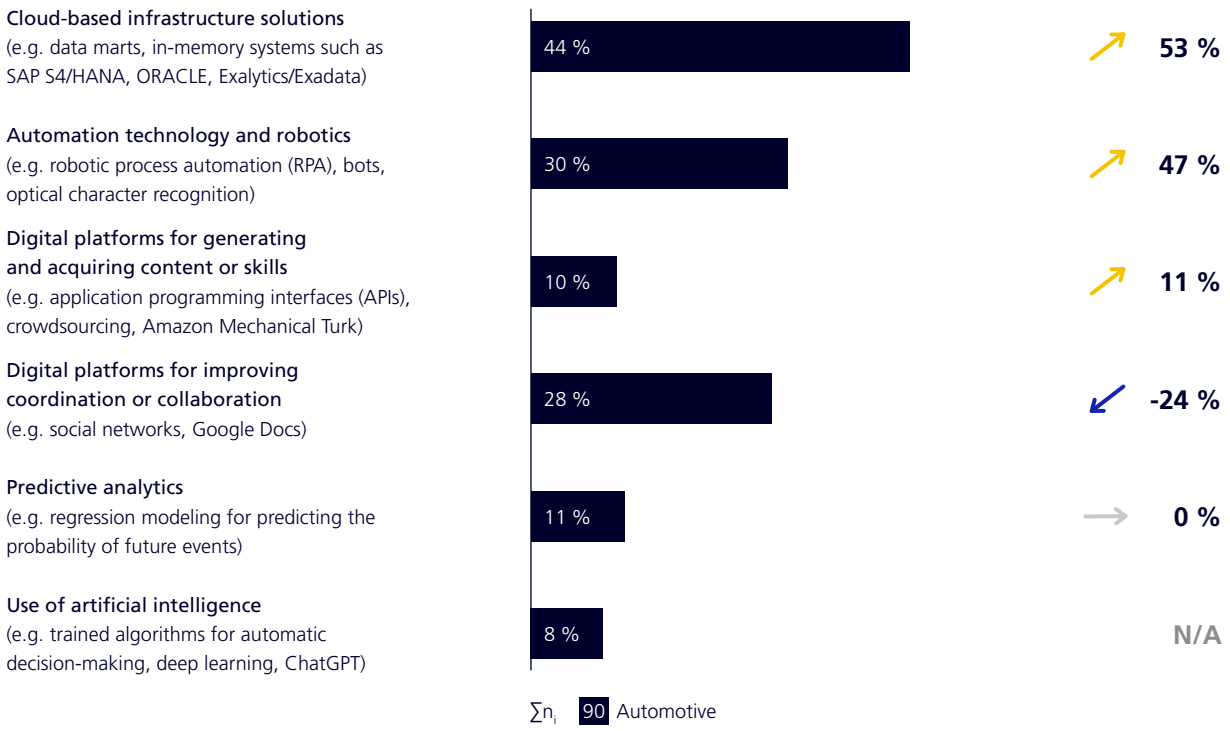

Figure 4: Rate of use of digital technology in finance departments

In addition to process efficiency and quality, there is an increasing focus on taking advantage of the strategic opportunities offered by data-driven decision-making, which is made possible by digitalization

Examining the objectives of digitalization, it becomes evident that the process of (digital) transformation is certainly advanced, but not yet complete. The majority of respondents confirm that they focus on enhancing process efficiency and quality (see Figure 5) when setting their goals.

Interestingly, cost-saving goals are now less prevalent. Instead, there is a greater emphasis on increasing the finance department's ability to create value for the company. This suggests that the goal of digitalization is now shifting towards freeing up resources through more efficient and effective work, which prevents the need to cut costs with employee layoffs. Additionally, it appears that companies increasingly want to seize the opportunity to transform the role of the finance department. Digitalization should be used to establish the finance department as a strong business partner and to improve and expedite decision-making with optimized data processing and visualization. As a result, experts can give their attention to analysis and deciding on the best course of action, rather than preparing and providing data.

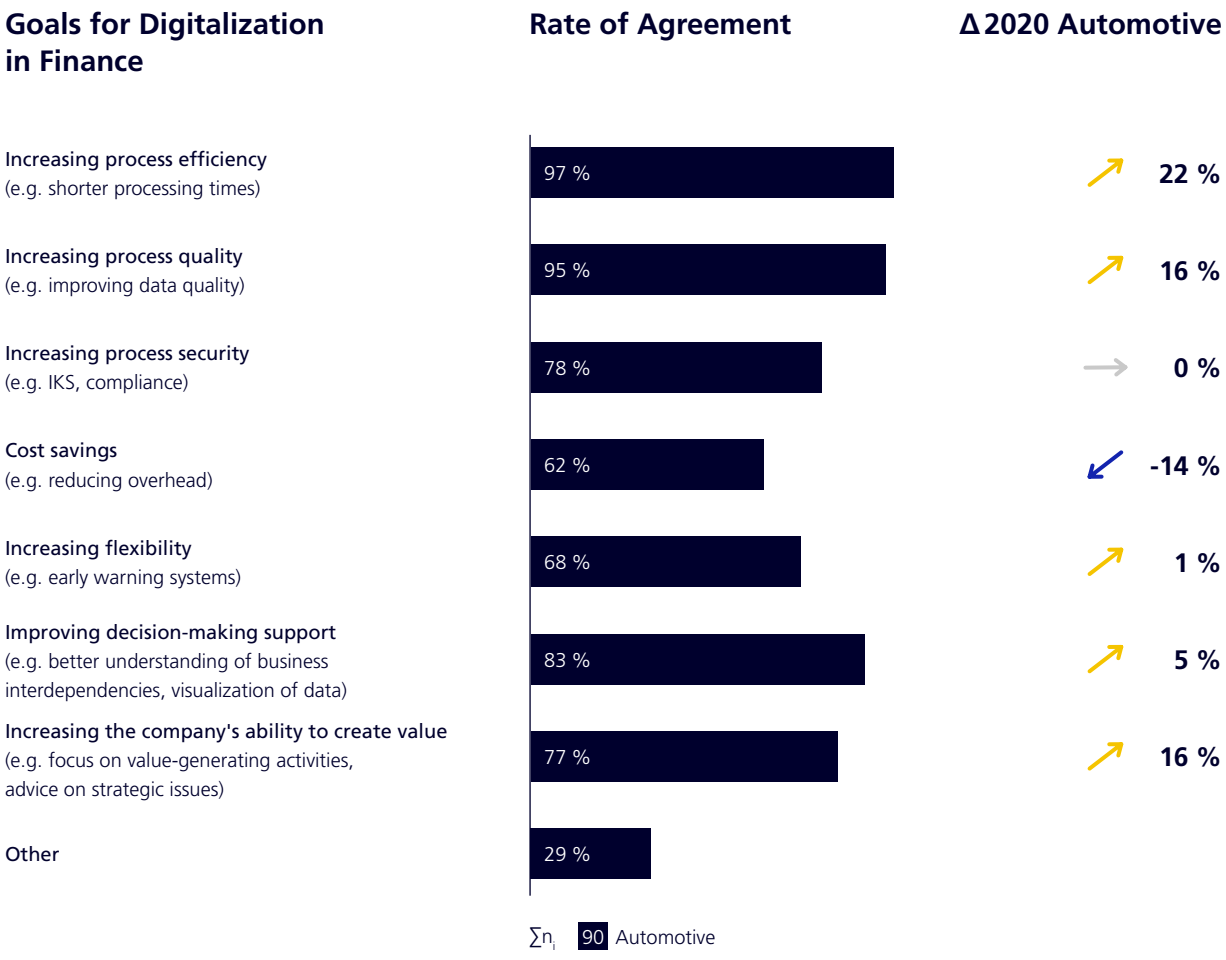

Figure 5: Goals of digitalization in finance departments

Comparison of Digitalization Between Companies in the Auto Industry and Other Mobility Providers *

In the analysis of the status quo and the changes since 2020, we have already identified advancements and areas with the potential for improvement within the automotive sector. In the following, we will now provide a comparative analysis of automotive and mobility companies. The automotive group includes car manufacturers (OEMs) as well as all suppliers. The mobility group includes companies that focus on transporting people. Due to the ongoing transition and the fact that automotive companies increasingly view themselves as mobility providers from a strategic perspective, the objective of this analysis is to highlight potential differences between mobility service providers and automotive companies in terms of the digitalization of the finance departments.

Mobility service providers rate their level of digitalization as more advanced

On average, the mobility service providers surveyed evaluate the progress of digitalization more positively than participants from the automotive industry. Particularly in terms of process efficiency and the ability of the finance department to create value for the company, the surveyed mobility service providers were better positioned and indicated a higher level of digitalization (see Figure 6). In contrast, survey participants from the automobile sector emphasize that digitalization should be used to carry out target processes more stringently and to monitor them more carefully. In addition, digitalization makes it possible to react more quickly to situational changes – by utilizing early warning systems, for example.

* Note: Due to the number of participating mobility providers, this section should be seen as indicative, but not representative.

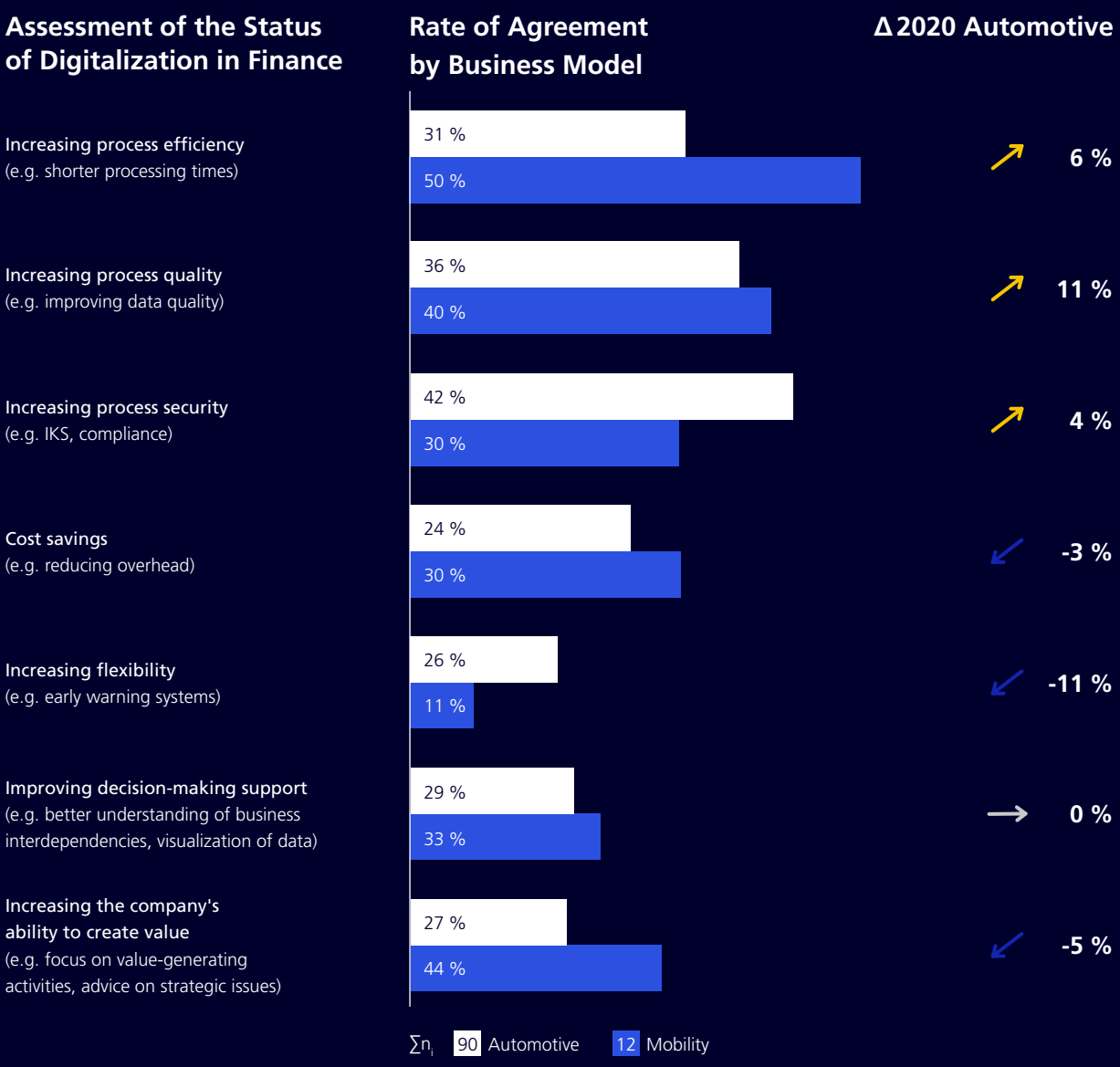

Figure 6: Extent to which digitalization in finance departments reaches its targets

Survey participants at mobility service providers see finance-related system environments and the use of digital technologies as more fully developed

A comparison of finance-related system environments between the surveyed companies in the automotive industry and the mobility service providers shows that the mobility service providers have clearly taken the lead. The surveyed mobility service providers indicate that the system environment has made a significant contribution to the finance department in the context of the digital transformation (see Figure 7). This could be partially due to the fact that the surveyed mobility companies also included significantly younger and smaller companies – frequently known as "digital natives". In these types of companies, the technology often reflects the business model itself, which allows the finance department to more effectively fill its role as an operative and strategic business partner. The availability and processing of key financial data are essential for deriving managerial insights and making strategic decisions.

Figure 7: Comparison of finance-related system environments in automotive and mobility companies

Looking at the current status of digitalization and the quality of the system ecosystems, it quickly becomes clear that the surveyed mobility companies are also ahead of the automotive companies in terms of the daily use of digital technologies.

There are particularly stark differences in the use of cloud-based solutions as well as digital platforms, which seems to indicate that the core systems at the mobility companies are more advanced.

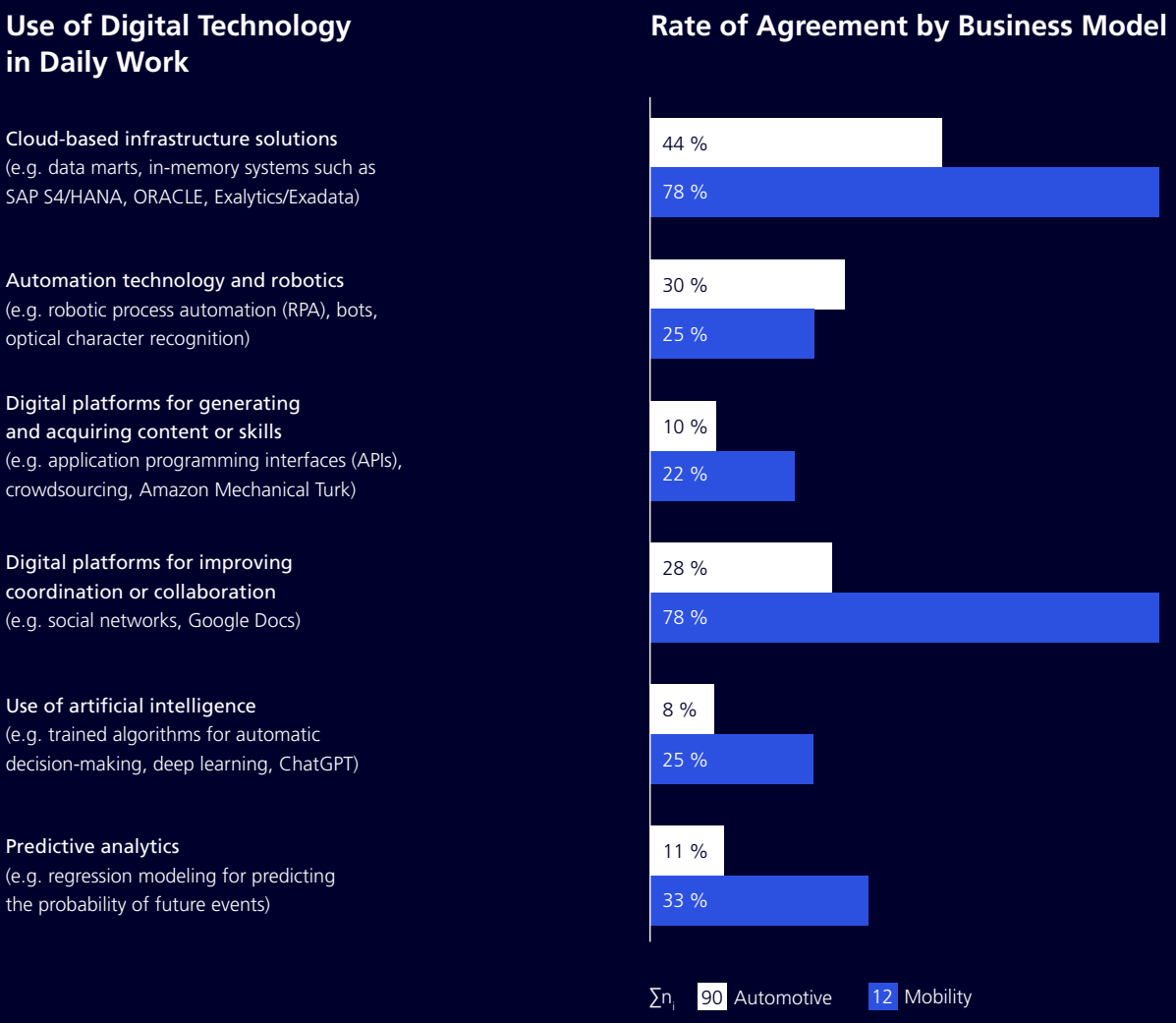

Figure 8: Comparison of the use of digital technology in automotive and mobility companies

The Mobility Transition and Finance's Areas of Responsibility

Alongside digitalization, the mobility transition can be seen as another major driver of change for automotive companies and, consequently, their finance departments. This leads to the question of whether the roles and areas of responsibility in finance departments are changing as a result of the mobility transition – and if so, how. Our study offers a detailed look at this question from three different perspectives: the general importance of areas of responsibility in the context of the mobility transition, and the significance of the new and existing business models for the finance function.

With regard to the general importance of various areas of responsibility for the finance department, it can be seen that the majority of those surveyed still see financial optimization of the business and risk hedging as the finance department's primary task as (see Figure 9). In addition, it becomes apparent that tasks related to enhancing and managing the development of competencies as well as the development of new management control approaches and systems are gaining in significance. Around half of those surveyed also indicate that auditing and administration of existing business models, as well as tasks related to strategic business model development, will gain in significance.

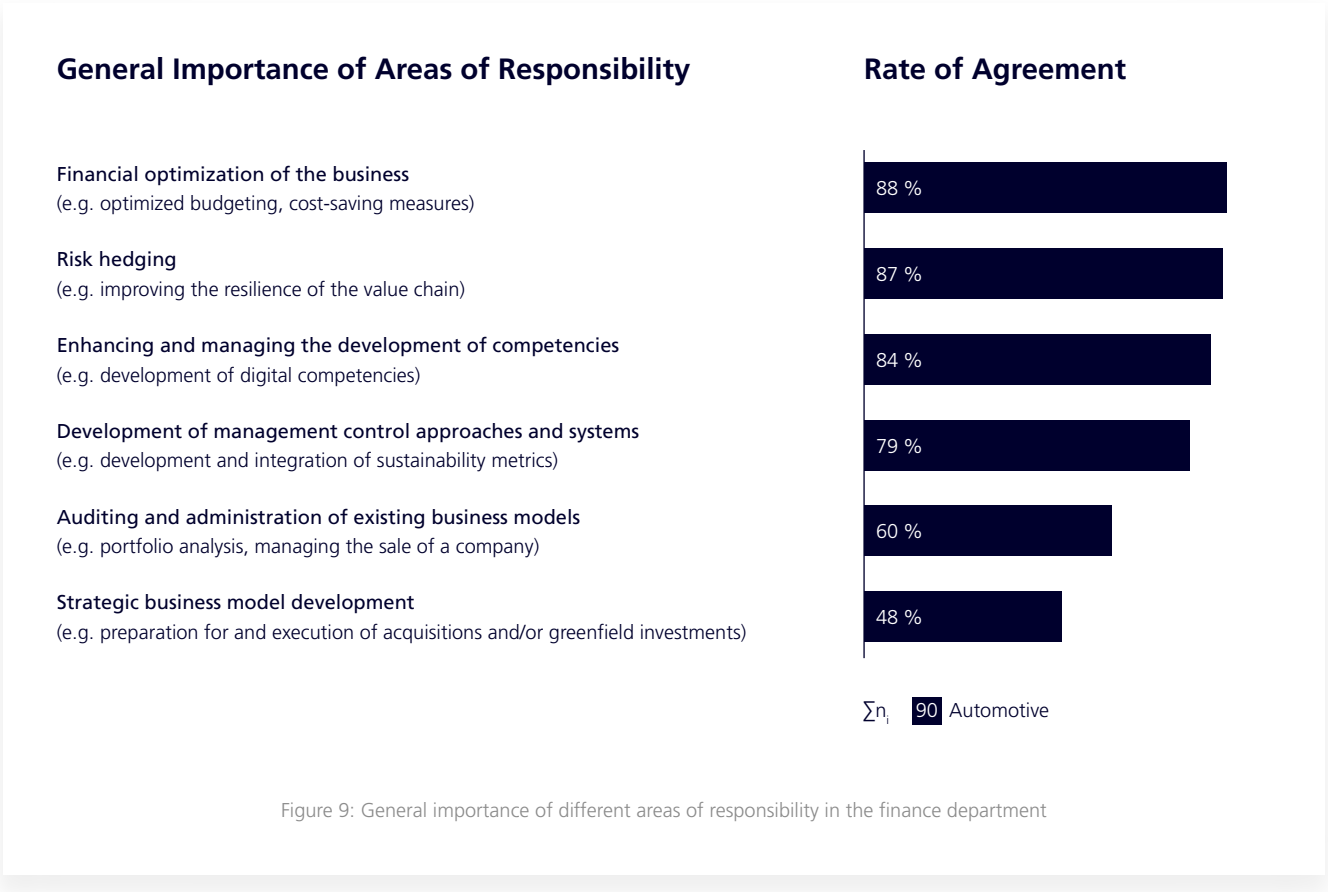

Figure 9: General importance of different areas of responsibility in the finance department

Approximately half of those surveyed consider strategic tasks related to existing business models to be very relevant for the finance department

In the case of existing business models, the finance department's primary focus is still on financial aspects, such as traditional finance and controlling tasks. This is also true of tasks related to safeguarding against financial risks, such as hedging currency exchange rates or commodities. It is not yet common practice to have the finance department take on a strategic consulting role for existing business models. This becomes especially clear when examining the development and administration of existing business models, for example the preparations for a carve out (see Figure 10).

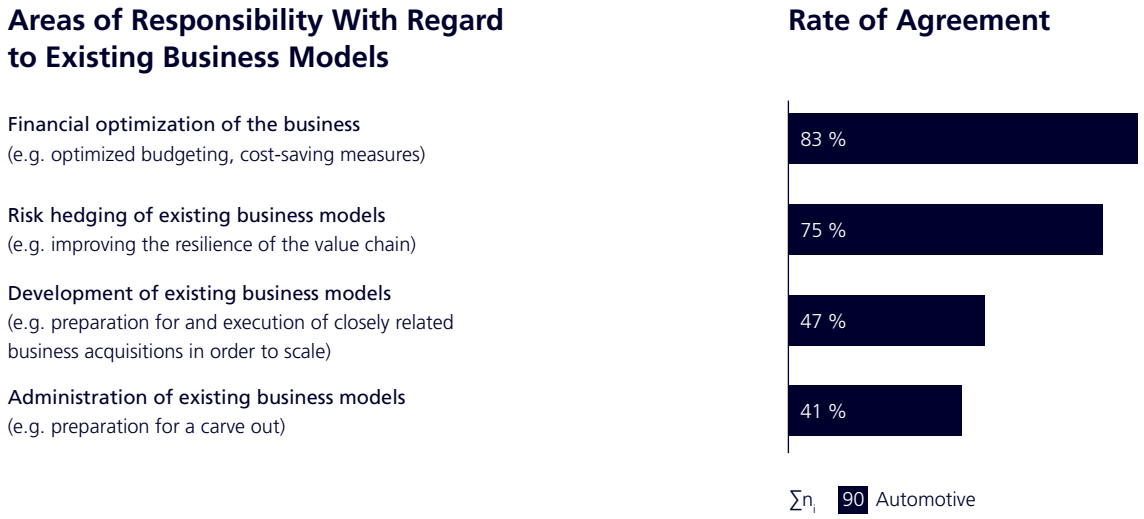

Figure 10: Areas of responsibility in the context of existing business models

The perceived relevance of different areas of responsibility varies greatly with regards to new business models

When it comes to the development of newer business models in the context of the mobility transition, the results regarding areas of responsibility are especially interesting. Two-thirds of the finance departments already see themselves as being responsible for analyzing, developing and managing newer business models. However, there are still some reservations when it comes to the identification and initial establishment of new business models. The results are summarized in Figure 11. Overall, then, we can see that the perception of finance's areas of responsibility in the context of new business models is quite complex.

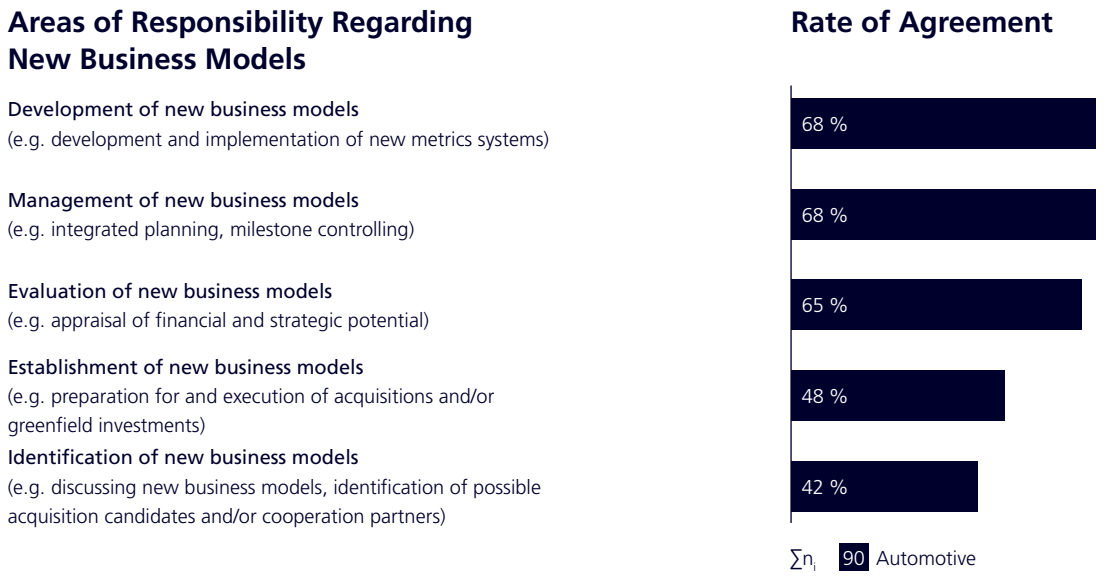

Figure 11: Areas of responsibility in the context of new business models

With regard to areas of responsibilities in the context of new business models, however, perception varies according to the size of the business and the stage of the value chain it is involved in

The comparative analysis between large companies (with a yearly turnover of more than 500M EUR) and small companies (with a yearly turnover of less than 500M EUR), as well as between car manufacturers and suppliers, reveals differing opinions on the expected development of the finance department's areas of responsibility for new business models. Large companies in particular, as well as a substantial number of OEMs, see tasks related to new business models as being increasingly relevant for the finance function (see Figure 12). This is interesting, as smaller companies and suppliers are also impacted by the mobility transformation, despite the fact that they regard the relevance as lower. In fact, these are precisely the companies that often face major challenges as a result of such profoundly transformational processes.

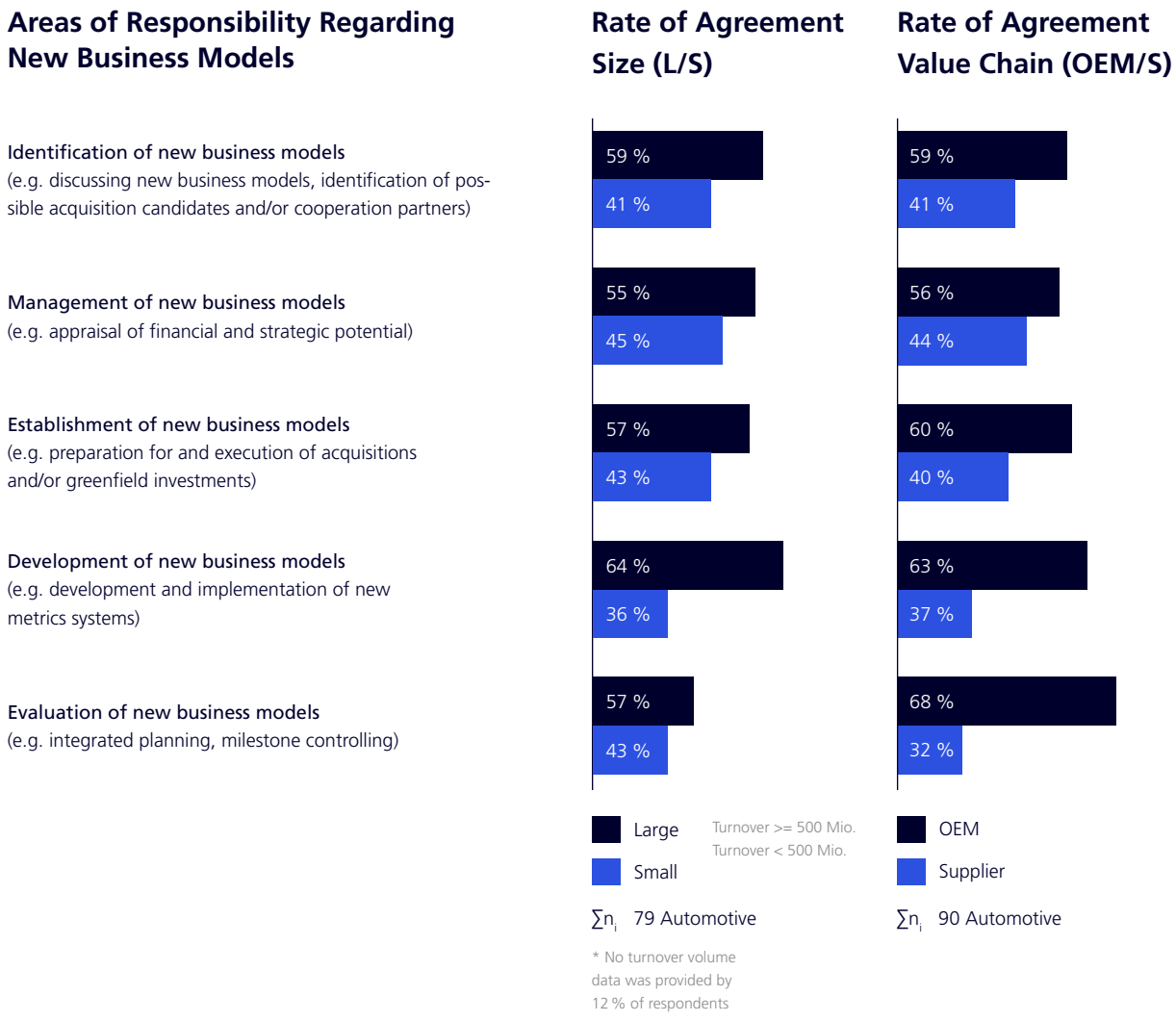

Figure 12: The perception of areas of responsibility with regard to newer business models in a comparative analysis according to company size and industry

Sustainability: Status Quo and the Role of the Finance Department

Along with digitalization and the mobility transition, increasing demands for sustainability also entail new tasks for the finance department. In order to determine how sustainability influences the work of the finance department, the company as a whole is first considered and the status of the sustainability transformation is examined. Following that, we will present insights regarding sustainability-related activities in the finance department.

Although the sustainability aspect has already achieved broad acceptance at the company level, there is room for improvement in management and implementation.

The issue of sustainability seems to be largely well-established at the company level. Approximately three-fourths of surveyed companies have a sustainability vision and a fully developed sustainability strategy. However, the implementation and management of this issue could be improved. For example, a smaller number of those surveyed have defined and prioritized the ESG criteria (environmental, social and governance). This shows that EU regulations like the CSRD directive, which will go into force for most of the companies in mid-2024, are currently taken into account to only a limited extent. It is also possible that the companies have not focused on these aspects enough to meet even the minimum requirements. Consequently, MHP recommends that companies begin the process of complying with these regulations, as this will require not only traditional external reporting but the involvement of many other stakeholders as well. It should be kept in mind that, in addition to the usual regulatory authorities, there are also other interest groups that are of critical importance for the business operations. As a result, appropriate risk management is needed from the very beginning. A similar picture emerges when it comes to defining the sustainability targets and implementation of sustainability projects (see Figure 13). There is apparently still potential for improvement in terms of implementation and management of these issues.

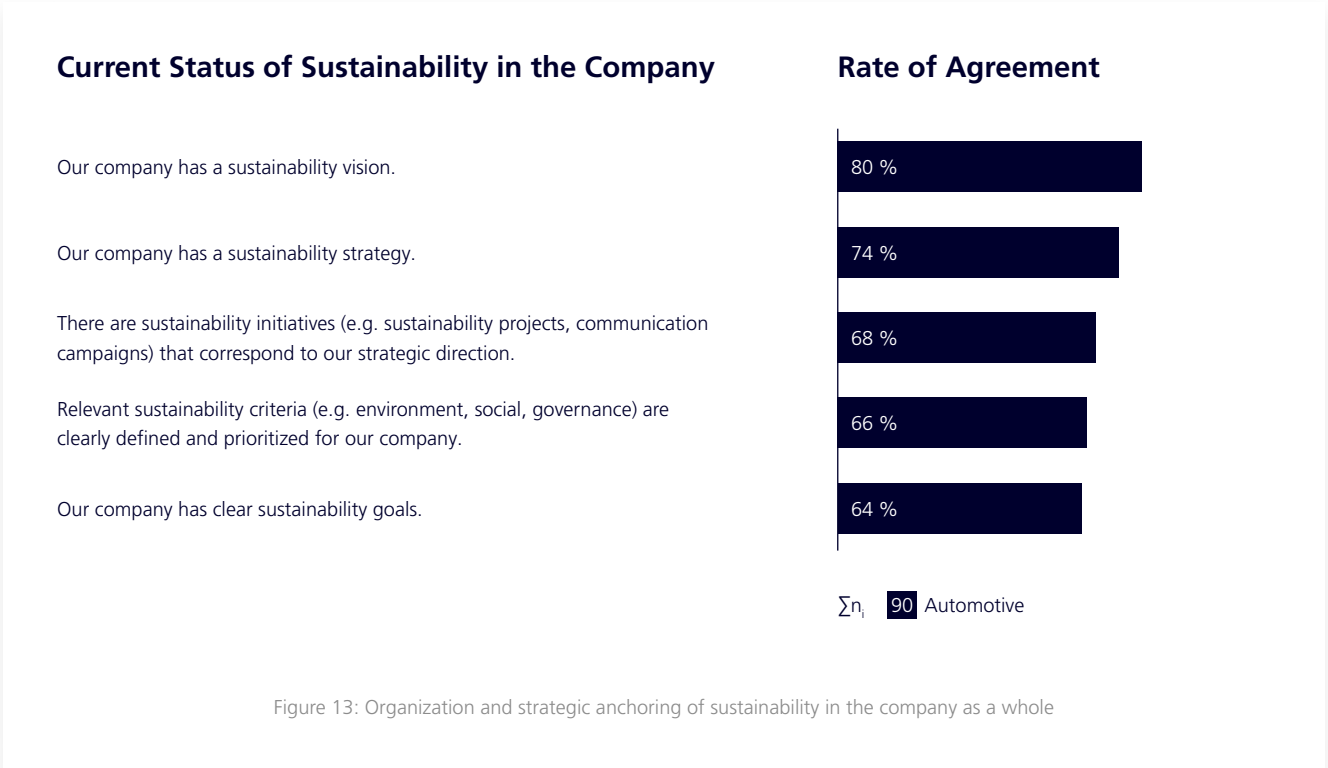

Figure 13: Organization and strategic anchoring of sustainability in the company as a whole

At the finance department level, focus is on the regulatory requirements. However, a lack of mandate, organizational prerequisites and, to a certain extent, awareness prevent finance from becoming a driving force in this area

Given the prevalence of sustainability visions, we have to wonder to what extent the issue has been taken up by finance departments and included in their activities. Do finance departments take a pro-active, driving role, or do they limit themselves to implementation – or even just listening – within the company?

A look at the current situation shows that the focus is on compliance with regulatory requirements. Just under two-thirds of those surveyed indicate that the finance department should ensure that sustainability-related regulatory requirements are fulfilled (e.g. in relation to the CSRD directive). A proactive role as a driving force or trailblazer within the company is not clearly apparent at this point. Only around 30 % of those surveyed confirm that there is a clear mandate for such a role (see Figure 14).

Figure 14: The tasks and role of the finance department in the context of the sustainability transformation

A look at the current activities results in a similar picture. Just under two-thirds of those surveyed are involved with interpreting regulatory frameworks, while less than one-third of finance departments determine the sustainability-related measures (see Figure 15) to be taken. Consequently, we do not see them as taking a proactive role as a driving force. For this to be possible, some fundamental prerequisites must be fulfilled. For example, sustainability metrics must be integrated into the existing system of business metrics. This is currently the case at about half of the companies surveyed.

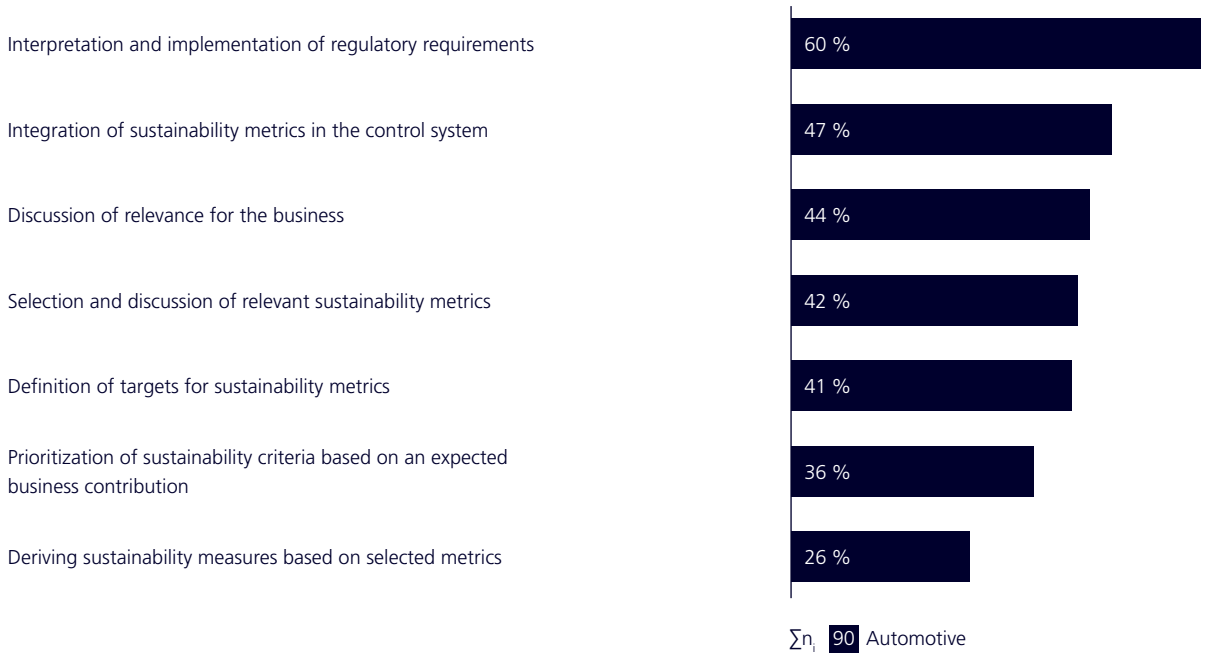

Figure 15: The finance department's tasks as related to sustainability

The fact that finance departments currently have a lower rate of involvement in sustainability issues could be due to the business metrics systems, which are still not fully developed in many companies. In many cases, metrics are still being discussed and developed at this point. However, only a subset of companies carry out a systematic analysis of metrics in which financial metrics are included and measures are determined. One reason for this is that only a certain number of the companies have connected their goals to the metrics, and there is rarely a reliable quantitative relationship between financial and sustainability metrics (see Figure 16). Consequently, many finance departments are not fully aware of the potential influence that sustainability can have on a company's success.

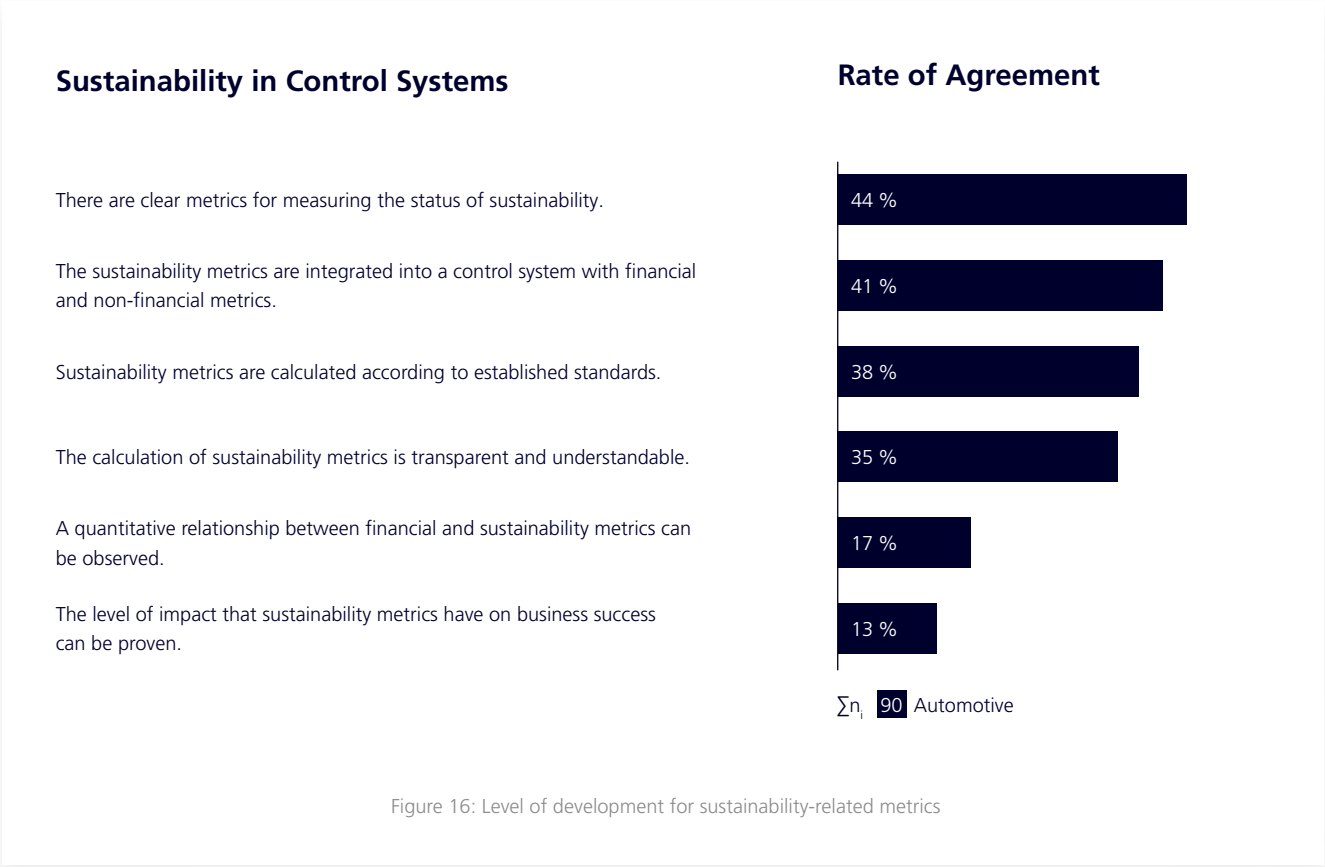

Figure 16: Level of development for sustainability-related metrics

The perceived impact of sustainability measures vary greatly

Survey participants gave widely varying ratings regarding the impact of the sustainability measures. Particularly in the medium term and long term, there was disagreement as to whether the sustainability measures would lead to an increase or decrease in costs (see Figure 17). Looking at the influence on financial success within the same time frame, two-thirds of those surveyed anticipate positive effects, while one-third expect rather negative consequences.

Moreover, 41 % of those surveyed believe that the issue of sustainability will have no negative financial impact on the company's success (see Figure 18). In the view of the participants, the topic of sustainability has a positive impact on the company's attractiveness to employees and its image. 70 % of participants see the fulfillment of regulatory requirements as very relevant (see Figure 19).

Timeline	Cost Increase	Cost Decrease
Not relevant	8 %	38 %
Relevant in the short-term	21 %	6 %
Relevant in the middle- to long- term	50 %	48 %
Ongoing relevance	21 %	8 %

N = 90 (Automotive industry)

Figure 17: Expected impact of sustainability measures on costs

Timeline	Positive Financial Business Impact	Negative Financial Business Impact
Not relevant	24 %	41 %
Relevant in the short-term	4 %	17 %
Relevant in the middle- to long- term	61 %	28 %
Ongoing relevance	12 %	13 %

N = 90 (Automotive industry)

Figure 18: Expected impact of sustainability measures on business success

Timeline	Increased Attractiveness to Employees (for new and existing)	Improved Company Reputation/Image	Compliance With Regulatory Requirements
Not relevant	15 %	9 %	6 %
Relevant in the short-term	15 %	16 %	22 %
Relevant in the middle- to long- term	34 %	29 %	22 %
Ongoing relevance	36 %	46 %	50 %

N = 90 (Automotive industry)

Figure 19: Expected impact of sustainability measures on non-financial aspects

Interim Summary

Digitalization, the Mobility Transition and Sustainability as Related to Finance Departments in the Status Quo

In summary, the data shows that digitalization, the mobility transition and sustainability can be seen as important areas of transformation in finance departments.

In terms of strategic importance, the technical infrastructure and the use of digital technology, **digitalization** has made progress. To an increasing extent, companies are concentrating on realizing the potential of digitalization to empower the finance department in its role as a strategic consultant and business partner and increase the company's overall value. However, implementation is not yet in full swing, as many value-adding digital technologies are not yet widespread. It is advisable to identify a large number of use cases and carry out proof-of-concepts instead of drawing premature conclusions about the applicability of certain technologies for the company or the financial sector.

The **mobility transition** also offers opportunities for the finance department to position itself as a strategic consultant and business partner within the company. Nonetheless, the finance department's role as business partner is not well-defined, particularly for suppliers and smaller companies. Finance departments should take a strategic role early on, particularly in companies that are reinventing themselves as a result of the mobility transition.

When it comes to **sustainability**, its importance is already well recognized, but the issue has only been taken up by finance departments to a limited extent. Finance departments often take a regulatory perspective when it comes to the topic of sustainability. Often, the mandates, system prerequisites and awareness that would allow the finance department to position itself as a driver of sustainability are lacking. To make progress in this area, it would be advisable to first establish the necessary metrics and system prerequisites for a systematic evaluation of sustainability measures. Companies must also develop an awareness of how sustainability can be seen as an opportunity for the entire company and the role of the finance department.

Overarching Challenges of the Transformation

Companies observe some key challenges in their transformations which are often similar despite the fact that the businesses have different levels of progress and varying processes. The participants see neither the operative employees nor a lack of support from top management as the main problem (see Figure 20).

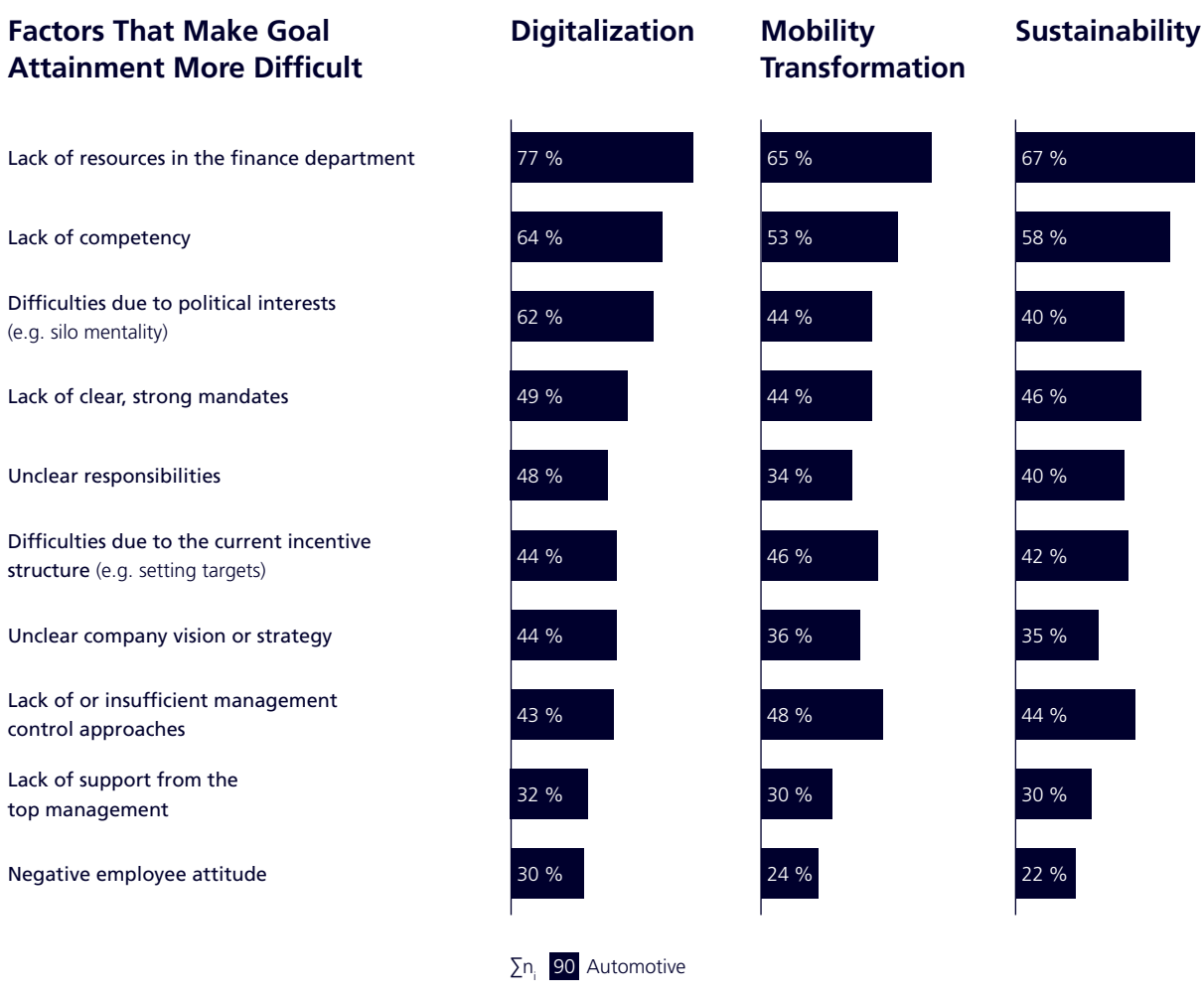

Figure 20: Overarching challenges of transformation

Nonetheless, there is uncertainty about the transformations when a clear vision is lacking. The most common reasons for this are a lack of strategies, failure to integrate the transformation into the existing management systems, and ambiguous responsibilities resulting from lack of an official mandate. For approximately half of those surveyed, these represent a stumbling block on the road towards a successful transformation.

More than half of survey participants view the lack of competencies and resources as a challenge. This makes clear the complexity of the transformations, which are frequently associated with financial burdens and the need for qualifications and subject-matter specialists. As a result, companies often generate less revenue during transformation phases, while at the same time incurring increased investment and training costs. This underlines the challenges that companies face during the process of transformation.

Expert Interview

Prof. Dr. Michael Wolff
Professor
Chair for Management
and Controlling
Georg-August-Universität
Göttingen

Markus Hänssler
Partner, CFO Advisory
MHP Management- und
IT-Beratung GmbH

Prof. Dr. Michael Wolff: In comparison to our last study in 2020, the majority of the surveyed companies are currently involved with digitalization initiatives in their finance departments. Looking at the new technologies and their use, it appears that only cloud-based infrastructure solutions have been widely implemented so far.

How do you explain the fact that prevalence is so low despite digitalization being seen consistently as a strategic issue? Do people have an inaccurate impression of what "digitalization" really means?

Markus Hänssler: The understanding is definitely there; a majority of the companies have recognized the necessity of digitalization. At an individual level, there are variations in the definition and the design of the road map. However, particularly relevant topics – such as ERP/production platforms, analytics and artificial intelligence – are being driven forward everywhere right now. In the last three years, massive investments have been made, not only in technology but also for necessary organizational adjustments and the development of expertise. The strategic importance has increased to some extent. Cloud-based infrastructure solutions actually are one of the areas where companies are investing heavily at the moment. However, that doesn't mean that other technologies are being neglected. Rather, the cloud is a key piece of technology that is required to reach a greater level of digital maturity, e.g. with increasing use of AI and the networking of evermore complex business platforms and data sets.

Prof. Dr. Michael Wolff: When it comes to new technology, AI-based approaches are one of the hottest topics at the moment. However, only about 8 % of the surveyed companies are using these types of tools so far.

What challenges do you see with the implementation of AI applications in finance departments, and which concrete use cases are you seeing in practice already?

Markus Hänssler: The companies have already been experimenting with these kinds of applications for years. But for many of them, the approach is still unsuccessful because the data is not sufficiently networked. Consequently, the results are only partially satisfactory, and can only be achieved with manual effort. Artificial intelligence generates a high degree of added value only when access to comprehensive information is available. This first requires that processes, data and other knowledge in the company be digitized, e.g. in the cloud. In addition, it also makes sense to use external data sources. At this point, many concrete use cases exist, ranging from simple volume planning to liquidity management and the formation of reserves, through to mechanisms in complex internal control systems. Chatbots are also growing in popularity. These might carry out analyses for controlling, for example, or answer questions about creditors and debtors.

Prof. Dr. Michael Wolff: Regardless of the individual technologies, companies in the automotive industry are also facing the challenge of developing new business models or transforming existing ones. However, we see that less than 50 % of the surveyed finance departments offer support in identifying and developing new business models.

Do finance departments not have enough time for these tasks, or is this a topic that people simply aren't thinking about yet?

Markus Hänssler: Along with digitalization, the changes in mobility play an increasingly important role for many companies as the second major component of the transformation. In the current business context, finance departments are often deeply involved in the operative implementation of new business models, e.g. when it comes to billing for new services and products. Going forward, however, finance departments should become involved earlier in the process with the identification and development of new business models. They could help when it comes to investments, management and profitability, for example. Conversely, finance departments need a high level of digital maturity and comprehensive access to data within the company to be able to carry out these tasks efficiently and in a decision-oriented manner.

Prof. Dr. Michael Wolff: Another new issue for finance departments is the systematic integration of sustainability aspects into management control. The majority of companies (74 %) have already developed a sustainability strategy. However, only 26 % indicate that they are actually implementing these strategies with concrete measures.

Could this discrepancy be due to a failure on the part of the companies to translate the sustainability strategy into concrete KPIs and goals for all levels of the business? What should companies do to ensure that their sustainability strategies actually have a tangible impact?

Markus Hänssler: There is a substantial regulatory and social significance, if we look at the Corporate Sustainability Reporting Directive (CSDR) in the EU, for example. A simple report won't suffice; many companies are currently expanding their management control models to include sustainability. Among other things, that involves adapting targets, metrics, budgeting and tracking sustainability measures for both the conceptual planning and the technical implementation. In the medium term, strategy alone is not enough. It requires continuous, data-driven transparency as to what priority implementation of the sustainability agenda has, what impact the measures have, and where things could be improved.

Prof. Dr. Michael Wolff: Given the use of new technologies, the development of new business models, and the developments in sustainability, finance functions are experiencing a significant transformation in their tasks and working processes. With regards to these transformation processes, a substantial majority of the companies named lack of competency (64 %) and resources (77 %) as significant challenges when it comes to implementation.

Do finance departments need to reorganize their personnel? Do they need to adopt other sourcing strategies? And, in light of the resource shortages: Where do you see the largest deficits in practice? Where should companies increase their investments?

Just like the business as a whole, finance functions should also continue developing and adapting to the changing circumstances. It will certainly require new competencies, especially in the area of technology. However, it will also require people who are willing and able to drive change within the finance function in the core areas of digitalization, mobility transition and sustainability. It is precisely here that we see a major deficit in competency development, because many of these issues are new and become very complex when combined. In addition, the demand in the market is very high. We also see a further deficit when both daily work and numerous additional projects are carried out simultaneously. To keep pace, investments in employee branding, increased digitalization and comprehensive training and education are essential.

Conclusion: The Way Forward

Digitalization

In order to integrate innovative technology such as artificial intelligence and blockchain, the "digital core" (such as ERP, PLM and production) must be updated using cloud technology.

A significant investment in employees is also imperative. This includes measures such as employer branding, qualifications and training, as well as creating an appealing work environment.

Digitalization requires not only innovative technologies, but also organizational adjustments, a tailored transformation strategy and early and well thought-out change management. These measures require that both management and employees be on board.

When dealing with innovative technologies, experimenting and prototyping are key, because innovation often requires multiple iterations. Cost control is important, but creativity should not be neglected.

Mobility Transition

In the mobility sector, new products and services are being developed that will require the adaptation of the existing management control models. This affects the volume, profitability, budget planning and investments.

The role of the CFO as the orchestrator of change is well-recognized; however, this concept is often not yet fully integrated and implemented within the company culture.

Merges, acquisitions, carve outs, industry partnerships, joint ventures and platform economies play a critical role in the current transformation. These complex constructs demand integration, networking and financing, which make them a significant challenge for the CFO.

The transactional processes continue to change. Alongside the end-to-end thinking that is being adopted in an increasing number of companies, totally novel payment mechanisms, e.g. for services in sharing models or pay-per-use models, are coming into use.

Sustainability

Most companies have a sustainability strategy and are currently addressing regulatory issues, particularly the CSRD directive, which will take effect in 2024. In many cases, sustainability reports are still being created manually.

In the medium term, companies are striving to integrate all aspects of sustainability reporting into their management control model. This requires complete transparency with regard to the sustainability targets, internal and external reporting, and the ability to adjust things retroactively and to track sustainability measures.

In addition, companies are working to identify sustainability-related stakeholders. These include authorities, agencies, suppliers, customers, and shareholders as well as internal stakeholders such as employees and management.

Similar to what we see in the mobility transformation, the topic of sustainability requires a revision of the investment planning. Companies distinguish between necessary investments required to comply with legal and internal regulations and those investments which would enable them to go above and beyond meeting the mandatory ESG requirements should they so desire.

Our Research Institutes and Contact Persons

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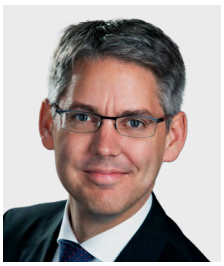
As a technology and business partner, MHP has been digitizing the processes and products of its around 300 mobility and manufacturing sector customers worldwide for 27 years and providing support for their IT transformations along the entire value chain. For the management and IT consultancy, one thing is certain: digitization is one of the biggest levers on the path to a better tomorrow. This is why the Porsche AG subsidiary provides both operational and strategic consulting in areas such as customer experience and workforce transformation, supply chain and cloud solutions, platforms and ecosystems, big data and AI, as well as Industry 4.0 and intelligent products. Headquartered in Germany, the consultancy operates internationally with subsidiaries in the USA, the UK, Romania and China. More than 4.500 MHP employees are united by their pursuit of excellence and sustainable success.

It is this aspiration that will continue to drive MHP – today and in the future.

Contact

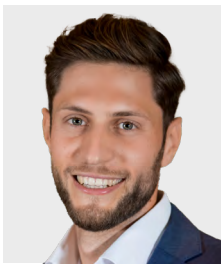
Henning Deters
Senior Manager
CFO Advisory
henning.deters@mhp.com

Markus Hänssler
Partner
CFO Advisory
markus.haenssler@mhp.com



Prof. Dr. Michael Wolff
Professor
Chair of Management & Controlling
Georg-August-Universität Göttingen
michael.wolff@uni-goettingen.de

Dr. Sebastian Firk
Associate Professor
Department of Accounting & Auditing
University of Groningen
s.firk@rug.nl



Dr. Yannik Gehrke
Assistant Professor
Chair Management & Controlling
Georg-August-Universität Göttingen
yannik.gehrke@uni-goettingen.de

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MHP Management- und IT-Beratung GmbH

Film- und Medienzentrum
Königsallee 49
71638 Ludwigsburg | Germany

Tel. +49 (0)7141 7856-0
Fax +49 (0)7141 7856-199
E-Mail: info@mhp.com