



from the **PRESIDENT**

Embrace the E-World

Charles Wang, chairman of Computer Associates, kicked off FEI's Forum on Finance & Technology in September with a pointed message about succeeding in the e-business revolution: do it fast and do it right. Finance executives everywhere are confronting a massive transformation within the finance function, their company, their industry and the economy at large. Navigating all this change will require flexibility, ability to exploit technology and a clear strategic vision.

There will be few pure "brick" or "click" companies in the years ahead, as most companies will adopt a hybrid business model, melding the Old and New Economies. Gartner Research Fellow Bill McNeer agrees that the transformation to an e-business world is "massively expensive," and points out that most companies underestimate the costs by 50 percent or more. But the payback is significant, as McNeer predicts that most industries will be dominated by a few "virtually integrated enterprises."

E-commerce is now the single largest area of discretionary IT spending, according to a survey of FEI members by CSC. More and more executives recognize that e-commerce is a business issue first and a technology issue second. The survey confirms that finance executives view technology as a strategic resource and a lever to improve business effectiveness, but there is some frustration. When asked to identify areas where their company is constrained by the lack of an available technology solution, the top responses were measuring product and customer profitability; facilitating analysis and decision-making; integrating strategy with daily business operations; and helping to posi-

tion the company for profitable growth. Interestingly, only 43 percent reported to have an IT strategic plan. Yet not surprisingly, those with a plan reported a substantially higher degree of alignment of IT activities with corporate strategy.

Yet finance may be slow to embrace all the change that's going on. We all sense that the opportunities for reducing cost and improving efficiency through use of Web-enabled business applications are tremendous. However, the results of a new study indicate that most of us are just getting started. Most efforts are limited to transaction processing and financial information reporting, with some moves into treasury analysis and cash management. It is clear that the transformation to an e-business world has only just begun.

■ E-Biz Dollars ■

Overall IT spending

Infrastructure	31%
Maintenance	27%
Development	23%
E-commerce	18%
Other	1%

Spending on e-commerce now grabs 18 cents of each dollar spent on IT.

Source: FEI/CSC 2000 Survey of Technology Issues for Financial Executives

Finance must evolve to become a business integrator and value generator. In its new role, finance should provide leadership in realizing synergies from M&A; facilitate the expansion of relationships with suppliers and customers; focus on growth and profit, and develop competitive advantages. Finance can also provide the direction to sustain and build value by improving cash flow through the redesign of products and services, and generate efficiencies through process simplification.

It's a brave new world — embrace it!

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