

Moving Towards the New Digital Normal
Resetting Business Transformation in Finance

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Abstract

The current economic crisis has hit organizations hard and fast and finance teams are playing a vital role in stabilizing cash flow and liquidity. In this environment, digital infrastructure and automation have become drivers to survive the crisis: visibility into cash, liquidity and payments can only be sufficiently achieved when digital processes are implemented. It goes to show, that previous investments into digitization are even more valuable now, while companies that did not conduct such investments early on are now forced to catch up quickly – also to ensure remote working.

In today's economic climate, we see significant changes happening in a short amount of time affecting businesses around the world. Uncertainties are reflected on the capital markets: Equities have taken a dramatic price hit and credit spreads are increasing rapidly. Many companies are in danger of triggering debt covenants which could put bank relationships at risk. Looking at the financing behavior of corporates, we see a pattern of larger players drawing down aggressively on credit facilities to meet short-term operational needs. You can infer that future funding will become problematic for organizations and they naturally will be forced to revisit their financial partners.

These dramatic changes, among others, create a sense of unrest and urgency among organizations. They are looking for ways to move towards a more digitized approach to their daily work. This has to do with the fact that the crisis has changed all aspects of business. The majority of organizations thought they had many years to prepare for digital transformation – but now change has virtually come over night. In the earlier stages of the Corona crisis, some companies took a 'wait and see what happens' approach, while others wanted to address pressing issues once everyone was back in the office. Unfortunately, too many underestimated how long the uncertainty and change brought upon by the pandemic would last.

Today these companies are scrambling to address their most pressing issues, such as a lack of transparency and visibility - and some finance professionals see this as an opportunity to strengthen the finance function at hand. While before the crisis many had thoughts about digitizing finance functions, now there's a clear, strong and robust argument for digitization - and organizations best move sooner rather than later. As companies are adjusting to the 'new normal' of remote working, it is important they use...

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