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PERFORMANCE MATRIX

February 2008

STILL PROCESSING**CFOs in Asia still spend too much time on transactions and too little on analysis. When will this change?**

By Cesar Bacani

At virtually every conference CFO Asia convenes, participants share a similar complaint: The board and the CEO are badgering the CFO for better analyses and forecasts, but finance just can't shake the burden of transactional work.

A new survey by the non-profit research firm APQC plumbs the depth of the problem. On average, the 54 CFOs surveyed in Asia said their departments spend 50 percent of their time on transaction processing. The rest of the work day is spent on decision support (16 percent), control (19 percent), and management activities (15 percent).

If it's any comfort, CFOs in the United States are in the same boat. The 89 respondents polled there said their company's finance function devotes 46 percent of its time to transaction processing, and 18 percent each on decision support, control, and management activities.

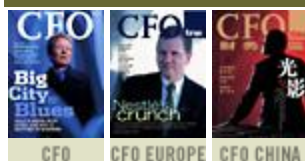
Both groups, however, hope to change things. "Respondents see the need to achieve a greater balance between the four main categories in order to allow the organization to better plan, lead, and react to changes in the marketplace," APQC researchers wrote in a report for CFO Asia and IBM Global Business Services, which sponsored the study.

By 2010, CFOs in Asia aim to reduce time spent on transaction processing to 38 percent (U.S. respondents: 35 percent), while increasing the time devoted to decision support and other activities to 62 percent (U.S. respondents: 65 percent).

How? In part by relying more on shared services. Six out of ten finance departments in Asia have already turned over to a shared services center the processing of receivables and payables, general accounting and reporting, and treasury functions.

Technology is another potential tool, although Asia's CFOs have a long way to go in this area. About 64 percent still do planning, budgeting, and forecasting by typing data into spreadsheets, with 40 percent doing the same to manage cash, and 25 percent to manage fixed assets. **CFO**

SISTER PUBLICATIONS



Counting Beans

% of time spent on each finance function

| | Finance departments in Asia | Finance departments in the U.S. |
|------------------------|-----------------------------|---------------------------------|
| Transaction Processing | 50% | 46% |
| Decision Support | 16% | 18% |
| Control | 19% | 18% |
| Management Activities | 15% | 18% |

Source: APQC, CFO Asia, and IBM Global Business Services

Aiming for Balance

% of time Asia CFOs want to spend on each function

| | Time spent today (% of total time) | Would like to spend by 2010 (% of total time) |
|------------------------|------------------------------------|---|
| Transaction Processing | 50% | 38% |
| Decision Support | 16% | 20% |
| Control | 19% | 23% |
| Management Activities | 15% | 19% |

Source: APQC, CFO Asia, and IBM Global Business Services

Can Technology Help?

% of Asian firms that use process for each function

| | Manual spreadsheet operations | Internally developed software | Commercial packaged software |
|----------------------------------|-------------------------------|-------------------------------|------------------------------|
| Planning, budgeting, forecasting | 64 | 14 | 22 |
| Manage cash | 40 | 23 | 37 |
| Fixed assets | 25 | 25 | 50 |
| Accounts receivable | 12 | 22 | 66 |
| Payroll | 12 | 22 | 66 |
| Accounts payable | 8 | 21 | 71 |
| General accounting & reporting | 2 | 26 | 72 |