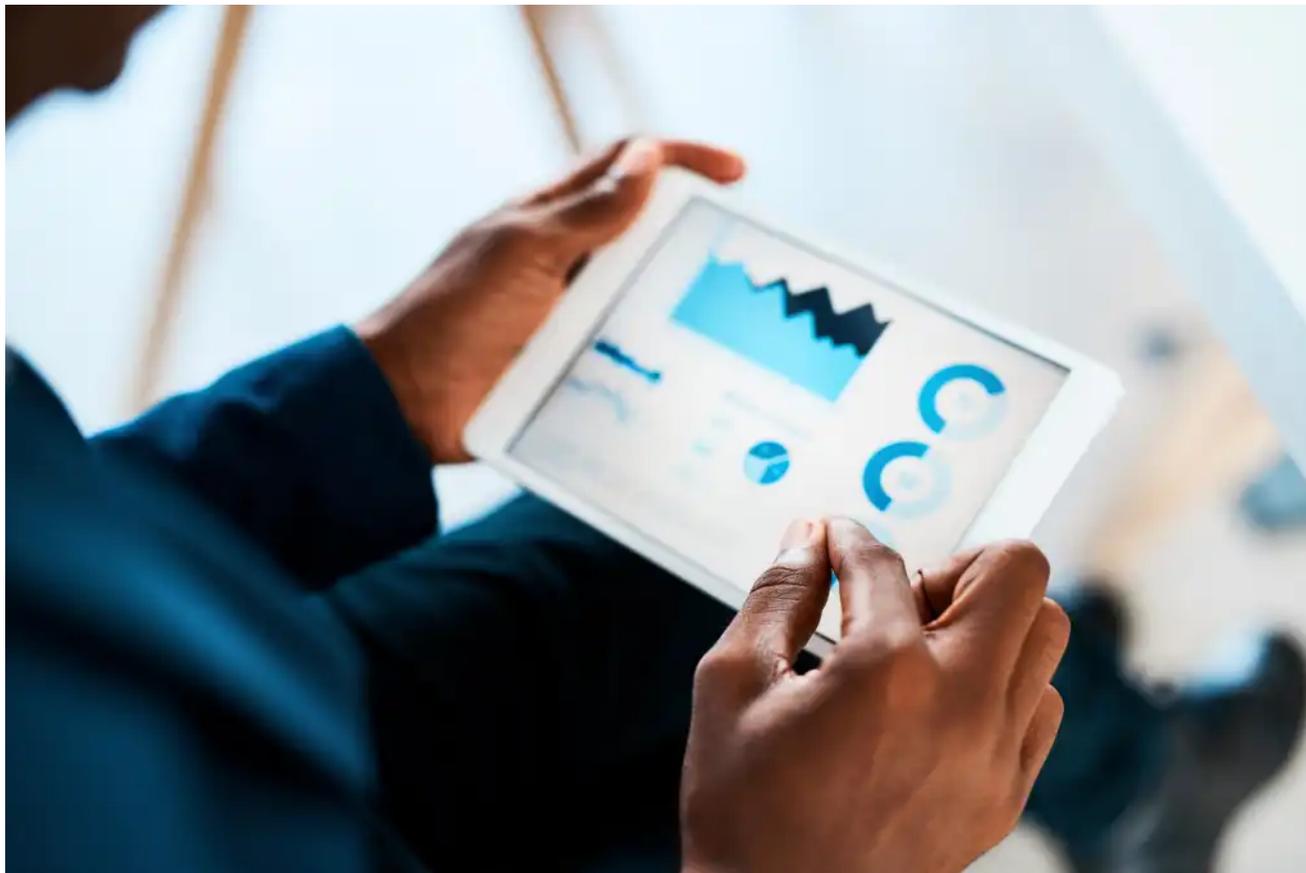


# Transforming Accounting With a Modern Financial Management System

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By Teresa Meek



From analytics and automated reports to mobile payments, digitization is changing the way modern finance works. We asked the CIO Influencer community of technology experts why it's so important for organizations—particularly small and midsize businesses—to modernize their financial management systems for today's digitally driven world. Here's a summary of their insights.

## A fast path to ROI

Modernizing financial operations is the key that unlocks productivity and cost benefits throughout the organization, says Ben Rothke (@benrothke), senior information security manager at Tapad.

“Finance is the backbone of every company,” he says. “Without an effective financial management system, companies will see drops in productivity. Older systems often don't perform well ... Without an updated financial system, firms won't be able to tap into the

advantages of modernization, optimization, automation, and more.”

Jason James (@itlinchpin), CIO at Net Health, dives into the details of time savings: “Newer systems support API calls to vendors for importing invoices, as well as electronically paying for services. This takes much of the manual burden away from Accounts Payable, including opening invoices, working with teams to confirm usage, and then mailing out checks.”

And don’t forget the IT management benefits, says Jack Gold (@jckgld), president and principal analyst at J. Gold Associates, LLC.

“Modernizing means lower cost of operations overall,” says Gold. “It will relieve most companies from having to manage an installed product and eliminate an IT responsibility that most don’t have the resources for in the first place.”

But what about the time it takes to get a modern system set up?

Generally, solutions vary. However, James says, “This is one of the fastest digital transformation projects a small business can implement.”

## **Improving the user experience inside and outside of Finance**

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In addition to making organizations more efficient, a modern financial management system helps employees and customers find information faster.

“Digitization can enable self-service portals for online payments and viewing past transaction history, enabling small and midsize enterprises to update their customer information,” explains Sridhar Iyengar (@iSridhar), managing director of Zoho Europe.

Modern systems use AI and machine learning tools to import data from across the company, automate functions, and help people avoid errors. In today’s environment of finicky employees and customers, that may be an advantage that companies can’t afford to ignore, says Scott Schober (@ScottBVS), president and CEO at Berkeley Varitronics Systems, Inc.

“Customers and business owners have been spoiled by modern conveniences and ... will migrate to the organization with the least amount of pain points for any transaction,” says Schober. “This can leave smaller businesses, which are less likely to adopt modern platforms, in the lurch. But by integrating AI, machine learning, and natural language processing into financial management platforms, businesses of all sizes can minimize human error and free up hours ... for more important financial insights.”

## **Faster, easier access improves data-driven decision-making**

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A modern management system gives finance executives the in-depth information they need to make data-based decisions and execute them quickly.

“Financial managers sin with their slowness and desire to calculate all risks and bottlenecks ... Sometimes 90% of this is unnecessary,” says Nikolay Ganyushkin ([@nikolaygan](#)), CEO and co-founder of Acure.

One reason managers spend so much time cogitating is that they don’t have the insights they need at hand—information that could shed light on dark corners of the business and justify intuitive conclusions to other leaders.

“Many traditional financial management systems don’t adequately provide the information CFOs need to play an active role as advisors to their boards,” says Shail Khiyara ([@ShailKhiyara](#)), founder of the VOCAL Council and operating advisor to Peakspan Capital. “It’s imperative to modernize these systems to ensure predictable decision-making.”

A modern platform’s AI algorithms can crunch enormous amounts of information about operations and customers in minutes and predict the outcomes of various actions. This lays out a clear, fact-based set of choices for executives to consider.

“Predictive AI technologies can come to the rescue,” says Sergey Alyamkin ([@sergey-alyamkin](#)), CEO and co-founder of enot.ai. “A data-driven approach helps to model the ‘what-if’ situation and allows you to assess all the risks of a particular decision.”

## **Staying ahead of cyberthreats and ensuring compliance**

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With more companies adopting remote and hybrid work, cybercrime is rising. Phishing attacks are up 11% and ransomware deployment has increased 6%, according to the [2021 Verizon Data Breach Investigations Report](#).

“The move to remote and hybrid work is driving home the importance of modernizing financial management systems to improve security,” says Will Kelly ([@willkelly](#)), a content and product marketing manager focused on the cloud and devops. “Top of mind for financial management system modernization is that users will now be accessing these critical back-end systems from outside the corporate network, driving the need for security improvements such as identity and access management or zero trust.”

A modern system enables companies to set up strong security and access controls and analyze data to learn where they need to improve protections. Automated patching will help organizations stay a step ahead of cyberthieves and incorporate changing compliance rules.

“Some digital tools are designed specifically to help businesses meet industry regulations, such as ‘Making Tax Digital’ in the UK. This can take the headache out of previously resource-sapping efforts for low-resourced small and mid-sized enterprises,” says Iyengar.

## **Promoting agility**

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As more business partners manage their services with software, finance leaders have an opportunity to connect with them directly, making transactions smoother. But legacy financial management systems, even if moved into the cloud, often don't have the flexibility to connect to partner microservices or create their own as cloud-native applications do. Scaling is also difficult.

“To grow, adapt to customer opportunities, and drive operational efficiencies, small and midsize businesses must upgrade their technologies to connect to their supply chains, employees, customers, and partners,” says Isaac Sacolick (@nyike), president of StarCIO. “Digital businesses today have a different strategy when it comes to financial management systems ... They seek cloud architectures, easy-to-integrate platforms, and configurations that support a real-time, data-driven organization. Companies need business agility to respond to volatile market conditions, and that's not easy to do with legacy financial systems that are expensive to run, slow to upgrade, and cumbersome to use.”

The agility of a modern financial management system also allows businesses to incorporate new technologies, such as online payments.

“The massive proliferation of mobile payment services like Venmo and Zelle have transformed the way people make payments to service providers,” says Frank Cutitta (@fcutitta), CEO and founder of HealthTech Decisions Lab.

Innovations still in the pipeline could bring even more radical transformations to finance.

“Think about the longer-term implications of cryptocurrency. Yes, it seems like a stretch at the moment, but ... use cases are increasing. These technologies reinforce the importance of understanding the foundation of blockchain as part of the modernization effort,” Cutitta says.

“The digital world is a fast world. Change must take place at lightning speed,” Ganyushkin says. To manage today's challenges and prepare for the future, leaders need a financial management system that can grow and change along with their businesses.

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