



# The CFO as a Business Partner

**Simon Dingemans**, CFO at GlaxoSmithKline, tells Criticleye how new technology and data analytics are transforming the way the finance function engages with the rest of the business

## How is digital technology affecting the CFO's ability to drive value?

In a traditional model, the finance systems and the finance IT would have been about controls and governance. It clearly still needs to be about that, but now you can also include a much more comprehensive analytics platform on top of those systems.

## Does this alter the talent needs within the finance function?

Over the last five years within GSK we've focused on improving the talent pool, diversity of recruitment and the mix of people within finance.

I want the finance function to be a better partner to the business, as well as maintaining that traditional stewardship function. To do that, you need a different skillset.

So, we have been recruiting outside and more broadly. Most importantly, we've moved people around and given them different experiences. Being an effective partner to the business requires judgement, and you can only develop that by trying different things and having experiences in other parts of the world and the business.

It does take time, but I'm pleased with how the organisation has done over the

last several years. There's still lots more to do, but we're well on our way.

## How can the CFO ensure that the company is agile when it comes to decision making?

Over the past few years I've been focused on investing in our systems, platforms and, in particular, investing in common ways of executing across the company.

This may be partly a GSK issue, because we have a legacy of being relatively federated and regional in how we're organised; each of our businesses are operating on quite separate, standalone terms. But, in the past five to ten >



years, we've focused on pulling them together and thinking about how to create a common core of capabilities, which allows us to be more agile in responding to customers, regulators, and collaborators in an R&D context, as well as other stakeholders in the group.

There are many areas where applying the discipline of data analysis can make the business more consistent.

### How important is that data point?

CFOs have to be adept at looking at data, but I also have a particular perspective that you can't get lost in the plumbing. There's almost a risk of too much data preventing you from seeing clear patterns.

What you want to do is allow the whole business, not just the finance people, to be able to see that data, understand it and interpret it quickly in a practical way.

Certainly for our business what we found particularly useful is the ability to drill down product by product, supply chain by supply chain, to see where the most competitive return is, where we should put our investment, what we can accelerate or decelerate, what we should be running on different timelines and move investment to respond to that.

It's having the right foundation to allow you to test that flexibility in a much more competitive world.

### What challenges are currently front of mind for you?

Our customers and providers around the world are expecting better value for the amount they spend on healthcare, or for the patients they support.

That means focusing our strategy tightly around differentiated, innovative products, whether it's in pharma, vaccines or in consumer, which ultimately will justify the R&D investment that we've had to make to get there.

The ways in which you most acutely improve your returns in R&D is by making better decisions earlier and stopping projects, so that you invest in the products that are separate and distinct from those already out there.

### Has the focus on investment shifted?

In the pharmaceutical business over the last few years we've seen a significant wave of new launches. A significant rise in expenses would have been made as those launches came forward, but we were able to move resources away from other areas that were perhaps later in their life cycle, or offered a less attractive return, and prioritised the new launches.

That ensures our overall expense base is relatively stable and will produce leverage in the P&L as we move forward, improving returns over time and, ultimately, making us more agile as we respond to the challenges.

That has been as much a priority for the group as overall efficiency. We have taken nearly £6 billion of cost out of the company since we originally started restructuring in 2008.

### Do you think CFOs should spend more time mitigating risks?

The way in which the business model has evolved has heightened the importance of having visibility around key risks, as well as making trade-offs in terms of where you prioritise the resources to manage them.

With a single control framework across the group we manage and approach risk in a similar structured way, even if the individual risks in the consumer business relative to the vaccines business are different. It means that we can compare and contrast; we can look at how to take lessons from one business to another.

Hopefully that means we manage risk more effectively. That's certainly been our experience over the last few years and why we are so focused on having a common set of processes to surface the right debates, in the right way, at a sufficiently senior enough level across the company. ■

This interview is taken from the Criticleye video series, in association with Accenture, The CFO as Architect of Business Value. Watch the full series [here](#)



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Simon became Chief Financial Officer in April 2011 after joining as Chief Financial Officer Designate in January 2011. He is a member of the board and the corporate executive team.

As part of his role at GSK, Simon is responsible for global finance and core business services comprising a number of the company's key global functions, including finance and real estate.

Simon joined GSK from Goldman Sachs International where he was a Managing Director and Partner.

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