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Riding the 5G Wave: The opportunity for CFOs

VUCA has never been more relevant for CFOs. It stands for Volatile, Uncertain, Complex and Ambiguous and is a concept the US Army came up with to describe the world following the Cold War.

Nearly three decades on and the acronym does a good job of describing the environment we're living and working in today. Digital disruption is a huge driver of this and when it comes to business, the speed with which CFOs can adapt is critical for their long-term survival. Demands on them – be it reporting, insights, analytics or advice – are shifting from historical to predictive, from scheduled to real-time, and from human to automated.

MIT (Massachusetts Institute of Technology) describes what we are going through not as a great recession or a great stagnation, but a great restructuring – where technologies, rather than skills and organisation, will provide the all-important competitive advantage.

So, what are the technologies that CFOs need to be aware of, and more importantly capitalise on, in this new world?

5G is the most significant development currently on the horizon. The explosion of connected devices is changing how businesses operate, and once 5G is fully up and running this will only accelerate. Today, more people have access to a mobile phone than to clean water. However, while the proliferation of mobile phones has been transformational in so many fields – finance, retail, health, government – it's been limited by two things: processing power and data speed. 5G is going to change all that.

Increased connectivity will mean a radical shift in the relationship between human and machine. It is expected that by 2029, advances in 5G-supported tech will allow AI to do about 90% of what a CFO's department does today, in a way that is cheaper, smarter and faster. In fact, futurist economists concluded a few years ago that of the 702 current jobs done by humans, around half might soon be taken over by AI machines.¹

How can CFOs ride the 5G wave rather than go under? Part of the answer is by investing in 5G-related infrastructure, applications, data as well as a whole host of new product and service propositions. Growth possibilities as a result of new products and services will transform entire industries. Take healthcare, for example. Previous sci-fi-esque ideas such as remote surgery or patient-centred applications to monitor and administer healthcare outside of traditional medical centres will become reality.

There will be cost-savings too. Enabling machine-to-machine communication will support greater automation of human-reliant tasks. Just think how smart devices might automatically communicate with each other, whether that be in logistics networks, agriculture, smart buildings or many other use cases...

The second way to ride the 5G wave is to focus on talent.

Even ten years ago, it was enough for those who thrived on detail to have a successful career in finance. Not anymore. A CFO needs a function that is staffed by people with a wide range of capabilities – from strategic thinking to an aptitude for creative problem solving and a nitty gritty understanding of data more traditionally found in some of the CIO's team.

This is because currently there are three areas where humans hold the advantage over AI:

1. Ideation – the ability to come up with ideas, be creative, or have a sense of purpose.
2. Complex communication – the ability to talk or write, listen or read in highly sophisticated ways.
3. Large frame pattern recognition – the ability to process a huge amount of multi-sensory information simultaneously and respond appropriately to it.

CFOs need to ensure their teams are stocked with people who possess these skills.

The third way to be ready for the changes 5G is bringing is to look at longevity. Quite simply, we're all living longer. If you are 20 years old, you have more than a 50% chance of living to more than 100. If you are 40, it's a 50% chance of making it to 95. And if you are 60, then it's a 50% chance of making it to 90 or more.

Today, it no longer matters what you know, but what you **learn**. Rapid technological change, ever-longer lives and the rise of the robot workforce mean there is a premium on learning itself. For many businesses who are recruiting, their selection criteria now puts more emphasis on candidates' willingness to learn. The learners will inherit the jobs. The future belongs not to the know-it-alls but to the learn-it-alls.

CFOs are typically educated to the levels where they can re-skill and have easy access to the best resources to ensure that they do. But 5G and the technology and disruption it will bring present massive challenges to those parts of society who do the routine jobs, whose skill sets are more easily replaced and/or simply no longer required. It is both a social and business imperative to recognise this and pursue responsible automation. Helping the workforce to re-skill and retrain has never been so important.

In this VUCA world, CFOs are some of the best-positioned to take advantage of the opportunities digital disruption presents. New world technologies, like 5G and increased automation, should not be seen as a threat. By focusing on talent, infrastructure and longevity, CFOs can transform a business for the better, so long as they can keep up with the pace.

References

1. <https://www.economist.com/graphic-detail/2018/04/24/a-study-finds-nearly-half-of-jobs-are-vulnerable-to-automation>
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