



6 Steps to **ADOPTING FINANCIAL TECHNOLOGY**

New financial technology hits the market every day, each innovation promising to do great things for your business— increase efficiency, streamline cash flow, improve customer experience, you name it.

But choosing the best technology for your company can be mind-boggling. CFOs must evaluate efficiency and productivity gains against factors like cost and platform compatibility. They must wade through dozens of solutions, many offering similar benefits. And they must do so knowing their competitors are also evaluating new tech options—each looking to gain an advantage in the efficiency arms race.

The trick is to not focus on the glitter of promise but on your business's need. And then, once you're confident you have the right tech, to take steps to ensure it will be used successfully.

Carefully consider the steps in this guide as you embark on the journey to discover, evaluate and adopt new digital solutions for your business.



Technology Surge

Global fintech investments in 2018¹

\$55.3^B

5,779

Fintech startups in the Americas²

1. [Accenture analysis of fintech investment data from CB Insights, February 25, 2019.](#)

2. [Statista, "Dossier on Fintech," 2019.](#)

Step 1:

Identify the problem you most need to solve.

Some fintech solutions tackle several challenges at once. Others target narrow problems. The first step toward bringing new technology into your business is defining which problem you're actually out to solve.

WHAT TO DO: Craft a clear problem statement to create alignment on your team. This is the lens through which you can narrow your field of options.

HOW TO DO IT

Go on a fact-finding mission. Gather information from people across every part of your business—customers, suppliers, product teams and external partners. For example, if you're focused on payment solutions, ask what kind of payment process they want from your business. Compare their feedback against your current process. Look for what's missing.

Identify pain points. Look for root causes, not just symptoms. Perhaps you discover your payment process is cumbersome and error-prone. Find out why. Maybe you lack a standardized approach to invoicing. Are your errors the result of manual data entry? How do you compare with others in your industry? Many banks and vendors offer valuable benchmarking exercises to help you see where you might be inefficient or falling behind.

Dig two or three layers deep. A short-term fix can introduce even more complicated issues down the road. Consider performing a root cause analysis, a systematic process for tracing a problem to its origins.

Machine learning can help. Machine learning takes large data sets and analyzes them for patterns and relationships. The resulting insights point to ways to improve processes—for example, increasing productivity by automating repetitive tasks. Or removing chokepoints in your cash flow process.

WHY IT MATTERS

Diagnosing the problem correctly is essential to any tech project's success. The narrower the problem, the more likely a simple, less costly solution may do the trick. Of course, you may find the issues are bigger than you thought—an important thing to discover prior to making a significant investment.

Step 2:

Determine what success means and how you'll measure it.

Once you know the problem, you need to identify clear metrics for success. Tech bells and whistles can be dazzling, but all that pales in comparison to meeting your defined goals and targets.

WHAT TO DO: Choose the right key performance indicators (KPIs) for assessing your technology.

HOW TO DO IT

Think data. The best KPIs are quantifiable—for example: extracting three days out of your working capital cycle, saving \$5,000 per month on payment processing or reducing the number of errors per 10,000 invoices. While anecdotal evidence can provide much-needed context for why a technology works, it's unreliable as a true measuring stick.

Not sure which KPIs to use? Consult your banker, fintech vendor or other partners with industry-specific expertise. And be sure your KPIs can be directly attributed to your new technology and not diluted by other factors.

WHY IT MATTERS

Putting in the work to track your progress carefully will allow you to fine-tune the implementation of new tech—a process that can become complicated and frustrating when based on faulty assumptions—and will help inform future investments.



Step 3:

Educate yourself on available technologies and how they apply to your industry.

Google “financial technologies” and you’ll find no shortage of information—most of it focused on the disruptive potential of fintech. While information is great, too much information can be paralyzing.

WHAT TO DO: Talk with partners and peers to learn about possible use cases and early trends in your industry.

HOW TO DO IT

This doesn’t have to be a solo mission. Reach out to product partners, bankers and vendors to learn which technologies are solving problems like yours. Within the tightknit CFO community, your peers are an invaluable resource. Many are happy to share what’s working for them and which best practices they’ve picked up along the way. Their hands-on experience and unfettered opinions are what you need to weed out the nonperformers and narrow your search.

Check out industry conferences. Events like the AFP Annual Conference and Money20/20 bring together finance and fintech leaders to discuss what’s next in the technology ecosystem. Attending tech-focused workshops and lectures can reveal surprising, new solutions that address your problems.

Throughout your discovery, home in on these essentials:

- Which technologies are specifically designed to solve my problem?
- What are the primary benefits? Does a technology have multiple use cases?
- How are other people in our industry using them?
- Do finance teams recommend them?
- Will they integrate within our current platform?
- How flexible is the technology? Can we customize it to meet our specific use case, or is it one-size-fits-all?

- Will the vendor continue to add features? What will these solutions look like in two years?
- Will they scale as my business grows?
- Are they secure?

Ultimately, it’s best to narrow your choices to a few options that you can evaluate in more detail.

WHY IT MATTERS

Every business is constrained by resources. Running technologies through your litmus test of questions will help you prioritize—and may also introduce new challenges, leading to additional opportunities for you to consider.

Step 4:

Evaluate whether these technologies offer a realistic way of achieving your goals.

No two businesses are alike. A specific technology may streamline a competitor's payments processes yet not move the needle for you.

WHAT TO DO: Create a process for evaluating how a technology will perform across your lines of business.

HOW TO DO IT

Imagine each solution as a job applicant. In Step 3 you read its resume; now your team is asking it the tough questions. Invite leaders and influencers across your business to take part in the interview. Evaluate your candidate from every angle, including:

- **Do you have the skills and experience to do the job?**

Create hypothetical test scenarios. Some technologies will match your needs precisely, while others will be in the ballpark. You may discover the job requires more complex strategies altogether. For example, trimming three days from your working capital cycle may require you to deploy multiple technologies, such as automated receivables software and real-time payments.

- **Are you a fit for our current system and culture?**

Technology integration poses a huge compatibility risk. A solution may not integrate as well as advertised. Or might require a longer transition than expected. Your IT team plays a critical role at this stage. Recognizing complications now will prevent huge headaches later.

- **Will you make other parts of our business better?**

How are you with customers? Solving one problem only to create several more is every leader's worst nightmare. Make sure to assess the downstream impacts. Perform a what-if analysis for each technology to help minimize risk. If you shift from batch-style to real-time payments, what does it mean for your cash flow? Will it disrupt other processes? Does a more customer-friendly process increase your volume? And how could that affect your supply chain? Be creative in looking for worst-case scenarios.



WHY IT MATTERS

Slow down to go fast. Once you start integrating a solution, there's no undo button. Only a thorough evaluation will help you find the right technology and understand potential risks before you commit.

Step 5:

Adopt and test technologies within your business model.

There are many approaches to adopting new technologies, such as “big bang” (all at once), phased (gradual) and parallel (running old and new systems simultaneously). Your approach will likely depend on the size of your business, your industry, your immediate and future needs, the complexity of the project and your organization’s readiness for change.

WHAT TO DO: Create and execute an adoption plan suited to your business and your people.

HOW TO DO IT

Take a page from the tech startup playbook. Many startups begin with a minimum viable product (MVP). In this approach, the solution launches with only the most essential features necessary to see whether it’s viable and likely to catch on. The advantage? You use as few resources as possible. You get to test the solution at minimal risk while gaining knowledge that allows you to iterate until you get the results you want. After the initial MVP phase, you can roll it out across your business or expand functionality to solve more complex problems.

Engage your bankers early. They can help you implement solutions that play nicely with your current platforms and scale with you as you grow. Your banker can also help you craft phased strategies that address different parts of your financial ecosystem over, say, a two-year period.

Other tips to consider:

- **Involve employees and customers.** New technologies work best when everyone is on the same page. Well before rollout, tell employees and customers what the technology does, why you’re implementing it, when to start using it and how to use it effectively. Don’t forget to provide opportunities for feedback. This makes everyone feel involved with the change, and it gives you a glimpse into what’s working well and what needs adjustment.

- **Adapt your pace to your industry.**

The industry you’re in may dictate how quickly you adopt new technologies. If your company handles sensitive data, an outage could put your clients’ information at risk. In this situation, your rollout may be slower, with longer testing phases. As opposed to rollouts for direct-to-consumer companies, which must keep up with fast-changing customer expectations.

WHY IT MATTERS

New technologies invariably disrupt your workflow. Minimizing these disruptions will help you stay focused on your execution plan and help your teams feel better about the new tech—yielding faster, more successful adoption.

Step 6: Measure and learn.

This might sound surprising, but adoption is closer to the beginning of your journey than it is to the end. Adoption is putting on your shoes. Now you've got to run the race. You'll want to pay close attention so that you stay in your lane and don't drift off the track.

WHAT TO DO: Measure your progress, evaluate the ROI, learn from the results, continually improve.

HOW TO DO IT

Revisit your KPIs. Your KPIs will help you gauge whether the solution is solving your core problem. To ensure precision, test against different scenarios and accurately measure all the inputs. Avoid assumptions, correlations or anecdotal evidence that isn't based on hard data. If you're meeting your KPIs, consider other use cases or adding new functionality.

WHY IT MATTERS

No technology rollout is perfect the first time. You may not meet your payment goals right away, but with the right testing, you'll have an idea of which iterations to make. If you assess and evaluate regularly, you'll stay in tune with your needs. Which is important, because your next best technology may be coming soon.



Find this guide helpful?

Turn to your banker for more insights.

Evaluating and adopting new financial systems might seem daunting, but you don't have to go it alone. Your banking partner should be ready with knowledge of the latest fintech solutions, eager to help guide you in assessing your current operations and provide resources to help implementation go smoothly.



J.P.Morgan

© 2019 JPMorgan Chase & Co. All rights reserved. Chase, J.P. Morgan and JPMorgan Chase are marketing names for certain businesses of JPMorgan Chase & Co. and its subsidiaries worldwide (collectively, "JPMC") and if and as used herein may include as applicable employees or officers of any or all of such entities irrespective of the marketing name used. In preparing the information, we have relied upon, without independently verifying, the accuracy and completeness of publicly available information or information that our clients have provided to us. Our opinions, analyses and estimates included here reflect prevailing conditions and our views as of this date. These factors could change, and you should consider this information to be indicative, preliminary and for illustrative purposes only. The material contained herein is intended as a general market commentary, in no way constitutes J.P. Morgan research and should not be treated as such. Further, the information and any views contained herein may differ from that contained in J.P. Morgan research reports.