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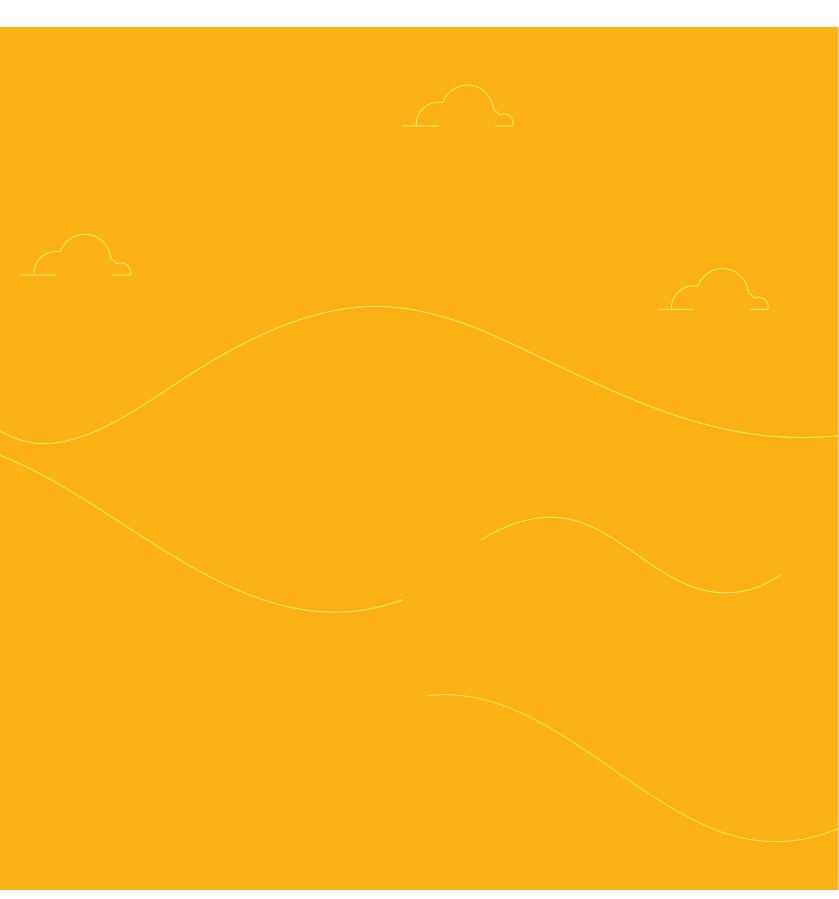


GLOBAL CFO SURVEY 2022 SEPARATING CHATTER FROM REALITY

LOOK BEYOND INDUSTRY CHATTER. DISCOVER WHAT'S SHAPING TODAY'S REALITY IN THE WORLD OF FINANCE & ACCOUNTING









Foreword

In the words of management guru Peter Drucker, "The greatest danger in times of turbulence is not the turbulence – it is to act with yesterday's logic."

70% of the organizations surveyed have an appetite to invest in 2022 as against less than 50% in 2020.

While pricing / cost pressure was the third biggest organizational challenge in 2020, it is the foremost challenge in 2022.

More than 70% of CFOs acknowledge implementing digital technologies to improve efficiency, effectiveness and stakeholder experience as the topmost priority. There is no doubt that 2020 was an inflection point for enterprises, as the pandemic ushered in unprecedented changes in the world of business. While the struggle for immediate survival assumed paramount importance, equally significant was the organizational positioning for long-term opportunities. And it was no surprise that the CFO emerged as the lynchpin of the transformative change that enterprises were focused on to become resilient and agile

From reinforcing working capital and cash flow to tackling supply chain disruptions and reduced customer demand to managing an altered work environment and the associated risks – the CFO purposefully steered the organization towards financial stability and recovery. More importantly, the CFO evolved to become a strategic business partner, taking on wider and more diverse responsibilities.

Now, two years later, as we set foot into the next normal, the challenges are intensifying. Surging inflation, a recessionary environment and geopolitical instability are all contributing to the magnitude of the problem facing enterprises. Therefore, it is imperative that CFOs re-align their priorities and objectives in line with the changing landscape. They must distill the reality from the chatter.

What are some of the biggest challenges that finance organizations face today? Which are the key investment areas? How has digital adoption evolved? More importantly, which themes are being implemented on the ground as opposed to the ones being talked about? Answers to these questions will be critical to the CFO's pursuit of driving a best-in-class, future-ready and sustainable organization.

Keshav R. Murugesh Group CEO, WNS Past Chairman. Nasscom*



Foreword

~40% of organizations are moving beyond transactional processes to focus on transforming judgment-intensive processes.

More than 75% of organizations in the banking, financial services and insurance sector have improved the integration of finance across back, middle, and front-office.

More than 40% of organizations leveraging third-party support are driving organization-wide digital adoption compared to less than 30% that are not leveraging third-party support.

The quantum and pace of business change over the last couple of years have compelled CFOs to play the dual role of navigator and strategist. From steering the organization through the volatility of the pandemic to positioning it for long-term sustainability, the CFO has admirably discharged traditional responsibilities while being a catalyst for digital and analytics led growth.

As CFOs look to future-proof the finance organization, they would have to stay abreast of the key trends and differentiate the reality from the chatter. Contrary to the opinion that digital transformation is primarily applicable to transactional areas, the reality is that judgment-intensive areas are attracting an equal degree of transformation investment. Financial Planning & Analysis (FP&A) is seeing the highest investments. Other complex areas such as compliance, treasury and risk management, and taxation are also growing.

There has been a lot of chatter about the lack of C-suite involvement in driving finance and accounting transformation initiatives. The reality is that a majority of organizations are adopting an enterprise-wide transformation approach, with the C-suite being the driver. Moreover, the objectives of these initiatives are focused on larger business impact, and not solely on cost and efficiency.

While opportunities are immense, CFOs would have to be mindful of the challenges. As investments in hybrid working models and cloud infrastructure mature, managing risk exposures is becoming a major concern. With organizations moving up the ladder in terms of digital maturity, the demand for specialized talent is at an all-time high.

CFOs also realize that integrated finance operations enabled by digitization will power future-readiness and effective enterprise transformation journeys.

Connected ecosystems of digital and process enablers underpinned by domain expertise will power outcomes such as reduced costs, improved operational efficiency, enhanced stakeholder experience and better agility.

While there is a lot of chatter about what would and would not work in the future, there is a distinct reality CFOs and their teams would have to face. This survey by Everest Group, supported by WNS attempts to uncover the reality from all the chatter around.

Krishnan Raghunathan

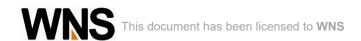
Head, Finance & Accounting Services, WNS





Global CFO Survey 2022

Separating Chatter from Reality



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Introduction

The vital role of finance processes in organizational performance has made finance leaders attentive to the dynamic business environment and how it impacts financial performance. The pandemic has also driven organizations to future-proof their businesses. In the past two years, CFOs have worked hard to support their organizations' short-term survival, while taking advantage of the large-scale disruptions to drive the changes necessary to gain long-term competitive advantage.

To understand how CFOs' roles and business imperatives are evolving, Everest Group conducted the 2022 Global CFO Survey among 300 CFOs and their direct reports across major geographies (including North America, UK & Europe, Asia Pacific, and the Middle East and Africa) and key industries such as insurance, CPG & retail, hi-tech & technology, life sciences, manufacturing, airlines, and hospitality.

A similar <u>study</u> done in 2020 concluded that the COVID-19 pandemic had created the need and a business case for organizations to accelerate their transformation journeys to build future-ready organizations. CFOs have a vital role to play in supporting their businesses to be future-ready, but to do so, their role needs to evolve from the head of a back-office function to a business partner working to improve strategic decision-making in an agile and resilient organization.

In this report, we share key findings from the 2022 Global CFO Survey and describe changes in the business landscape over the past two years that have impacted CFOs' strategic priorities. We describe shifts in CFOs' investment appetites and approaches to transformation, areas of active investment, adoption of digital levers, and the leverage of third-party providers and Global Business Services (GBS) firms in their finance transformation journeys. We weigh the chatter around financial themes with those playing out in reality. We also provide recommendations on how CFOs can drive successful change by sharing learnings from best-in-class organizations to build a future-ready finance function.

The current state of finance priorities

Following the COVID-19 pandemic, the role of CFOs has evolved to be at the forefront of organizational transformation, marked with evolving challenges and priorities.

Major organizational challenges





The depth and breadth of challenges have reduced following the pandemic as business environments stabilize from pandemic-induced disruptions.



The intensity and volume of challenges is increasing, with pricing pressures, higher risk exposure, and talent-related issues at the forefront.

During the pandemic, the most common challenges that organizations faced were related to low customer demand, issues with working capital, liquidity, cash flow and supply chain continuity, and slowdown in customers' decision-making. In 2022, other challenges have taken a front seat due to the current macroeconomic situation, characterized by a record-high inflation, an impending recession environment, and geo-political instability due to the Ukraine crisis, as highlighted in Exhibit 1.

EXHIBIT 1

Top organizational challenges in 2022 versus 2020

Source: Everest Group 2022 Global CFO Survey



Though cost and pricing pressures have always been on CFOs' radars, they have aggravated due to the recent inflationary environment that has compelled organizations to keep their prices competitive to deal with increasing operating costs.

With the emergence of the hybrid working environment and the increased focus on data privacy and cybersecurity, managing risk exposures has become a bigger challenge for organizations in 2022.

As organizations move up in terms of digital maturity amid an evolving technology ecosystem, the requirement for specialized techno-functional talent is at an all-time high. The disparity between the supply and demand for skill sets, along with rising labor costs, decreasing working-age population in North America and Europe, and increasing attrition rates, has further compounded the talent/skills shortage.

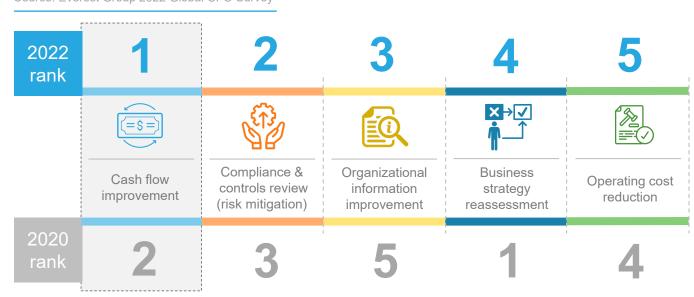
Talent issues such as attrition, hiring, and skills shortages have emerged as the top roadblocks in organizations' transformation journeys in 2022. – Everest Group Survey, 2022

While pricing pressures, adapting to changes in customer demand, and talent shortage are the top concerns across sectors, supply chain issues continue to be a major challenge in the healthcare and life sciences industry and increasing risk exposure (e.g., cybersecurity, data privacy) is among the top concerns for electronics and hi-tech & technology sectors. – Everest Group Survey, 2022

Key areas in which CFOs / finance functions are supporting their organizations in addressing the challenges

CFOs are supporting their business operations in different ways. Exhibit 2 contrasts how support in the current recessionary environment compares to that in 2020.

EXHIBIT 2Important steps that the finance function has undertaken to address challenges in 2022 versus 2020 Source: Everest Group 2022 Global CFO Survey





Most CFOs are supporting their organizations in identifying opportunities to improve cash flow. Adoption of real-time Days Sales Outstanding (DSO) and Days Payables Outstanding (DPO) dashboards has significantly increased, while best-in-class organizations are also leveraging predictive analytics to predict late payments and prescribe actions to pursue customers based on behavioral analytics. However, the overall adoption of such advanced use cases to improve cash flow / working capital is still limited.

More than 60% of CFOs are prioritizing building a robust compliance and risk management practice. – Everest Group Survey, 2022

CFOs are also actively building a robust compliance and risk management practice to ensure that their organizations remain resilient during these uncertain times. They are upgrading/consolidating their existing Governance, Risk, and Compliance (GRC) systems and enhancing connections to other systems, designing mitigating controls, and strengthening risk libraries.

Investment appetite

About 65% of CFOs consider accessibility to stable funding as extremely important in driving a successful change initiative.

- Everest Group Survey, 2022.

Chatter versus reality



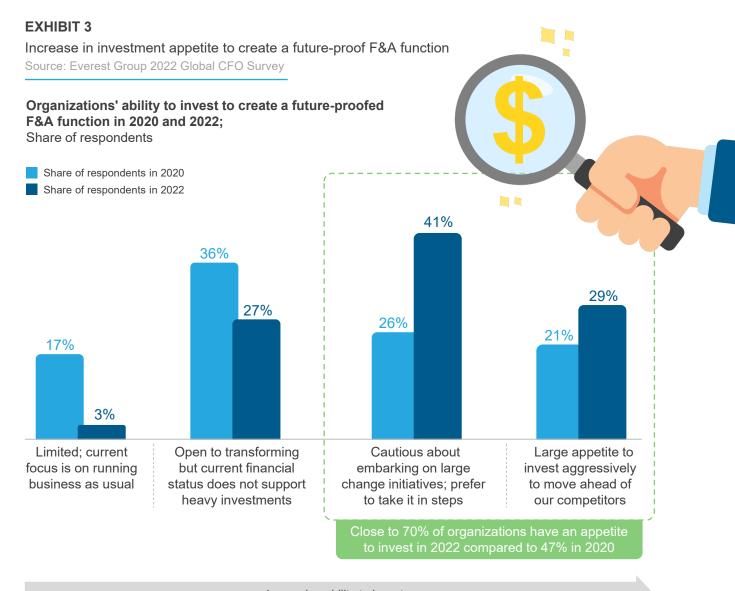
Organizations allocate funds for transformation on a sustainable basis through budget allocations at cyclical/regular intervals and through self-funded transformation.



While enterprises' overall investment appetite has increased, most transformation funding is decided/allocated on a case-by-case basis and maintaining/sustaining long-term funding is still a challenge.

The last couple of years have significantly impacted organizations' willingness to invest, as Exhibit 3 shows.

GLOBAL CFO SURVEY 2022



Increasing ability to invest

Sample size: 300 CFOs and their direct reports in 2020 and 301 CFOs and their direct reports in 2022

The evolving macroeconomic environment and learnings from the pandemic have substantially increased organizations' investment appetite in 2022 compared to 2020, with 70% of the organizations surveyed indicating an ability to invest compared to less than 50% from two years ago. Almost 40% prefer to take a step-by-step approach to investing in transformation initiatives, while less than 33% have the appetite to invest aggressively in large-scale initiatives and move ahead of the competition.

More than two-thirds of organizations that have large investment appetites to create a future-ready finance function are from the CPG & retail, travel & logistics, and insurance sectors. CPG and travel & logistics organizations also demonstrated the largest growth in investment appetite during 2020-22. – Everest Group Survey, 2022

Key organizational and transformation initiatives

Digital has become a top priority for CFOs in 2022 as shown in Exhibit 4, with focus on improving stakeholder experience and cost optimization through productivity improvements. Since the start of the pandemic, building a robust compliance and risk management practice has also continued to be a top priority for CFOs.

EXHIBIT 4

Priority of key elements in the finance function

Source: Everest Group 2022 Global CFO Survey



Note: Rating 6-7 represents high priority, 3-5 represents medium priority, and 1-2 represents low priority

More than 70% of CFOs recognize "implementing digital technologies to improve efficiency, effectiveness, and stakeholder experience" as their top priority. – Everest Group Survey, 2022

While there is a lot of chatter around digital transformation programs, sustainability initiatives, and the importance of large-scale transformation, the reality – especially considering organizational challenges and recessionary indicators – is slightly different.

Key investment areas

Chatter versus reality



Digital transformation is primarily applicable to transactional areas and not judgment-intensive areas.



Complex, judgment-intensive areas are attracting an equal degree of transformation investment as transactional areas such as Accounts Payable (AP) and Accounts Receivable (AR).

Traditionally, organizations have focused primarily on transforming transactional F&A processes, such as AP, AR, and general accounting. While transforming Financial Planning & Analysis (FP&A) has been on CFOs' transformation agendas for the last couple of years, it has now become an area with the highest active investments. More than two-thirds of insurance, life sciences, and manufacturing organizations – compared with 50% of organizations from other industries – are actively investing in transforming their FP&A operations. Other judgment-intensive processes, such as regulatory reporting and compliance, treasury and risk management, and taxation are also growing. This trend is attributed to increasing maturity among organizations to transform the end-to-end F&A function by looking beyond transactional processes and their increasing openness to leverage third-party support across areas, such as budgeting and forecasting, scenario modeling, and working capital optimization.

Almost 40% of organizations are moving beyond transactional processes to focus on transforming judgment-intensive processes. – Everest Group Survey, 2022

Exhibit 5 shows the key F&A processes in which transformation initiatives are implemented.

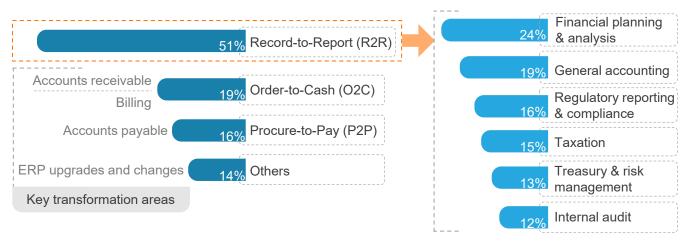
EXHIBIT 5

Key areas in which transformation initiatives are implemented

Source: Everest Group 2022 Global CFO Survey

Key areas in which transformation initiatives are implemented Share of respondents

Key areas within R2RShare of respondents



Note: R2R includes general accounting, taxation, regulatory reporting & compliance, FP&A, internal audit, treasury, and risk management; O2C includes accounts receivable and billing; P2P includes accounts payable, and travel & expenses; and Others includes ERP upgrades and changes and master data management

Notably, CFOs' top priorities, including driving agility and resilience and creating a future-ready finance function, are now becoming a reality, with investments across areas such as hybrid working models, Business Continuity Planning (BCP) initiatives, and cloud infrastructure having reached a steady state for most organizations. Organizations have realized productivity gains and employee satisfaction in a location-flexible arrangement and are actively building an ecosystem with digital tools to facilitate remote collaboration, virtual transitions, and robust network security measures to enable smooth hybrid operating models.

While many organizations are investing in ERP-related upgrades and changes (such as moving from onpremise to cloud, upgrading the business intelligence layer, enhancing user interface, and contextualizing for industry-specific requirements), large-scale ERP-based transformation initiatives are still at a nascent stage. Notably, however, ERP-related upgrades and changes were the fourth most invested area for transformation across the manufacturing and life sciences sectors as compared to other sectors, for which it ranked fifth or lower.

Exhibit 6 highlights the success of most organizations in building agility and resiliency in the finance function by adopting cloud-based digital solutions to enable hybrid working. The benefits that organizations have realized through these initiatives will further fuel investments in other initiatives, such as legacy technology modernization and the adoption of more Software-as-a-Service (SaaS) tools.

EXHIBIT 6

Important steps that the finance function has undertaken to address challenges in 2022 versus 2020







68%

Adopting cloud infrastructures



66%

Implementing a hybrid operating model



61%

Reassessing compliance, controls, and policies



60%

Driving global process ownership (reducing process fragmentation, standardizing, and harmonizing end-to-end processes)



5/%

Embedding future-ready governance frameworks

Key areas that have significantly improved in F&A organizations in the past two years (2020-21)



68%

Increasing adoption of digital technologies to enhance material productivity, customer experience, and controls



67%

Implementing a **work-from-home** model for the foreseeable future



65%

Right-sizing the finance organization and aligning it with business volumes



63%

Leveraging **global delivery models** to optimize F&A operating costs



32%

Focusing on **cash flow improvement** initiatives

More than 80% of the surveyed organizations have been able to meet and/or exceed their original expectations for improvement.

Chatter versus reality



ESG/sustainability goals have become a key organizational priority, and, thus, dedicated investment/funding is available for initiatives focused on ESG goals.



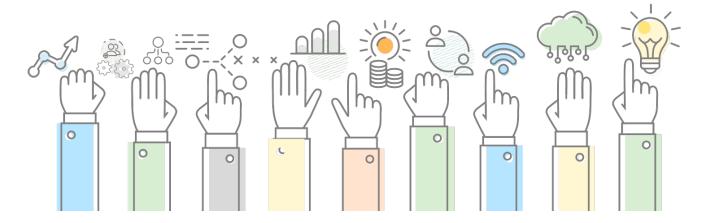
Most organizations are still at the initial stages of developing their ESG and sustainability strategies. While interest in this area is high, the focus currently is on specific/niche areas – such as ESG data management, reporting (e.g., carbon accounting), due diligence, and performance management – a majority of which are still at a nascent stage.

With the pandemic-induced disruptions subsiding, sustainability and Environment, Social, and Governance (ESG) goals have gained the spotlight among organizations. However, while many organizations claim to be the torchbearers of an enterprise-wide ESG agenda in their respective industries, such instances are few and still at a nascent stage in reality. Most sustainability and ESG-related investments are focused on specific areas, such as ESG data management, reporting (such as carbon accounting), due diligence, and performance management.

Digital adoption

In the past two years, the adoption of digital technologies has increased significantly across most organizations, with more than 68% of organizations citing significant improvement in digital adoption and more than 85% organizations successfully meeting/exceeding their expectations. The insurance sector leads the way, with more than 75% of organizations citing significant improvements in digital adoption and more than 90% successfully meeting/exceeding their expectations.

Most CFOs agree that improving data management drives the highest Return on Investment (RoI), and many of them are actively investing in improving data management (which includes maintenance and providing organization-wide visibility), as Exhibit 7 shows.



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EXHIBIT 7

Degree of investment and expected returns for finance initiatives

Source: Everest Group 2022 Global CFO Survey



Chatter versus reality



- Al-/ML-based predictive/prescriptive analytics solutions are experiencing large-scale adoption
- Most organizations are prioritizing the large-scale implementation of advanced data management approaches, such as centralized data lakes
- Enterprises are actively investing in blockchain, which is driving real business outcomes



- While predictive/prescriptive analytics use cases are increasing among mature organizations, overall market adoption is still at a nascent stage. There is extremely high adoption of real-time dashboards / visualization tools across P2P, O2C, and FP&A to increase organizational data visibility
- Organizations are heavily investing in the function-level data consolidation layer and leveraging multiple tools for data extraction, data cleansing, and data classification to increase visibility into organization-level data and enhance overall data quality. The implementation of centralized data lakes is still at a nascent stage
- A majority of blockchain use cases are still at the Proof-of-Concept (PoC) stage

Risk and compliance management is another area driving high Rol and active investments. The ownership of risk management is also shifting from internal audit, legal, and compliance leaders to business leaders, which points to the increasing recognition of risk management's strategic role.

Businesses are increasingly realizing the need to improve data visibility across the organization. CFOs are playing the role of custodians of organizational data and have made significant investments in data management and visualization tools / real-time dashboards.

While most CFOs agree that analytics and AI are expected to yield the highest RoI, less than one-third have actually made significant investments in these digital levers to reap the benefits. Most organizations' investments in data management and analytics are restricted to data consolidation and dynamic dashboards as opposed to predictive/prescriptive analytics leveraging AI. Moreover, though CFOs are showing an increasing investment appetite to build organization-wide data lakes and leverage advanced analytics, only few organizations have been able to actually achieve these objectives. Blockchain is another technology with a huge potential to disrupt operations but is experiencing limited traction due to significant upfront investment and change management efforts.

Integrated finance operations

Organizations are pursuing a holistic transformation approach by focusing on process standardization/optimization and digital enablement of business processes as well as the underlying IT infrastructure and applications layers, as Exhibit 8 shows.

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EXHIBIT 8

An integrated finance operations transformation approach

Source: Everest Group 2022 Global CFO Survey



Organizations are incorporating industry-specific nuances, striking a balance between scalability and contextualization, and also focusing on enhancing user experience across vendors, customers, and employees by leveraging intuitive persona-based user interfaces/workflows, interactive virtual agents, omni-channel cloud-based infrastructure, and mobile-based applications. An integrated finance operations transformation approach helps organizations better design and drive their transformation journeys. An effective approach uses connected ecosystems of digital and process enablers supported by knowledge specialists that account for organizational, domain, and industry-specific nuances.

This helps achieve the desired business outcomes, such as cost savings, improved process efficiencies, enhanced stakeholder experience, and greater agility.

In the past two years, more than 75% of organizations from the insurance sector have significantly improved in terms of integrating finance across their back, middle, and front offices compared to less than 60% for other sectors. Manufacturing and retail & CPG lag other sectors in this regard. – Everest Group Survey, 2022

The building blocks for enabling change in the F&A function

To adapt to the changing market dynamics, finance leaders need to assess their organizations' capabilities to drive change successfully.

Approach to transformation

Chatter versus reality



Tower leads drive most transformation initiatives, with minimum involvement from the C-suite. The initiatives are largely focused on cost savings and efficiency improvements.



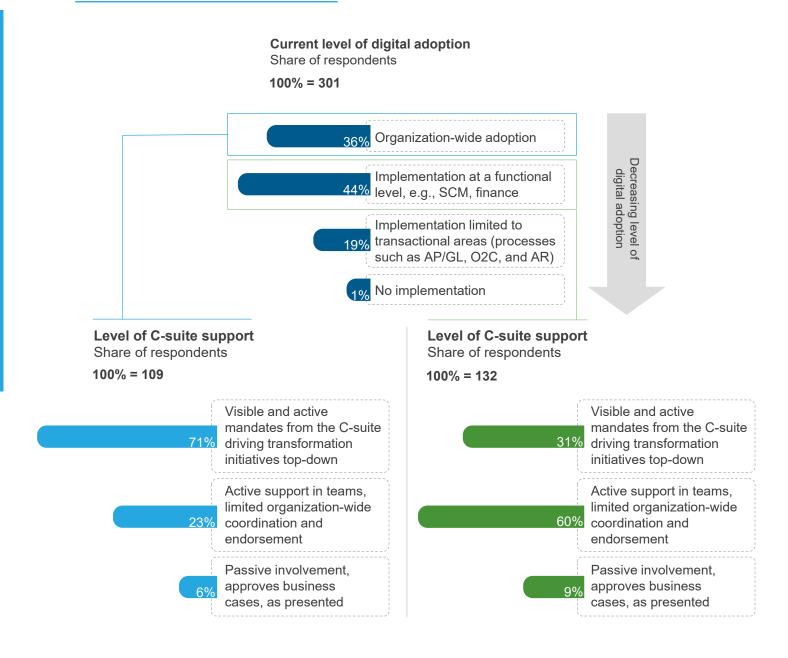
Most organizations are leveraging an organization-/ function-wide transformation approach, with the C-suite driving these initiatives. The initiatives are focused on creating a larger business impact, and cost savings and efficiency improvements are often considered as value additions.

Traditionally, most organizations have followed a siloed approach to transformation focused on transactional areas across accounts payable, accounts receivable, and general accounting for quick cost savings and efficiency improvements. In recent years, CFOs are increasingly adopting an end-to-end approach to transformation to maximize benefits in terms of business growth, stakeholder experience, efficiencies, and scaling up of initiatives in the long run.

More than 60% of organizations consider a centralized finance under CFO sponsorship and oversight to be the most effective in driving successful change in the finance function. More than 75% of organizations in the insurance and hi-tech sectors consider centralized finance as the best governance model for driving successful change compared to less than 60% for other sectors. – Everest Group Survey, 2022

This shift is evident from our survey findings, which indicate that almost 80% of organizations are employing a function- or organization-wide transformation approach. The C-suite is actively and visibly driving these initiatives in more than 50% of transformation cases. Exhibit 9 shows the levels of digital adoption across different transformation approaches. Notably, almost 50% of midsize organizations have adopted organization-wide initiatives as compared to 50% of large organizations, which tend to take a functional view.

EXHIBIT 9Current level of digital adoption across different transformation approaches
Source: Everest Group 2022 Global CFO Survey



As custodians of organizational performance, finance functions require strong leadership support. CFOs need to act as strategic guardians of investments/funding in the right initiatives to drive change, which requires active, top-down support and visibility from the leadership. Our survey findings indicate that more than 80% of organizations are using a top-down approach to transformation and are undertaking either organization- or function-wide transformation. To make such transformations successful in the long run, organizations need to ensure more visible and active support from the C-suite in driving and sustaining these initiatives.

Furthermore, a majority of organizations, especially large global organizations, consider a centralized governance model with active CFO involvement as the most optimum model to drive change effectively.

The role of third-party service providers

Chatter versus reality



Third-party service providers are expected to execute organizations' transformation strategies and are responsible for managing day-to-day operations with strong adherence to KPIs/SLAs.



Clients expect to partner with third-party service providers in designing and executing their transformation strategies and roadmaps while managing day-to-day operations to improve business impact.

While, traditionally, CFOs' expectations from service providers and Shared Services Organizations (SSOs) have revolved around running day-to-day activities, they have evolved in the current macroeconomic environment. Both third-party service providers and SSOs are playing key roles in supporting CFOs and the broader finance organization, but CFOs expect service providers to play a more active role in supporting strategic areas, such as designing and executing digital strategies, driving process excellence, and providing actionable insights, while they expect SSOs to assist them with running day-to-day transactional operations, as Exhibit 10 highlights.

While most organizations have been able to strengthen their finance organizations, those leveraging third-party service providers have seen significantly greater improvements in key areas such as driving paperless processes, implementing agile business models, and integrating finance across the organization. Notably, organizations that are leveraging third-party service providers are also driving more organization-wide digital adoption.

More than 40% of organizations that are leveraging third-party support are driving organization-wide digital adoption compared to less than 30% of organizations that are not leveraging third-party support. – Everest Group Survey, 2022

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EXHIBIT 10

Expectations from third-party service providers and captives in supporting businesses (2022)

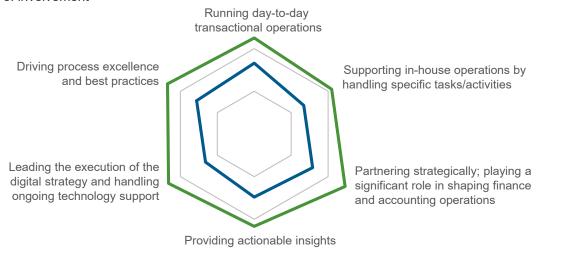
Source: Everest Group 2022 Global CFO Survey

Roles and responsibilities that enterprises expect from thirdparty providers in 2020 vs. 2022

Expected role in 2022

Expected role in 2020

Level of involvement



Roles and responsibilities that Expected role in 2022 enterprises expect from GBS / shared services in supporting Expected role in 2020 businesses in 2020 vs. 2022 Running day-to-day Level of involvement transactional operations Driving process excellence Supporting in-house operations by and best practices handling specific tasks/activities Leading the execution of the Partnering strategically; playing a digital strategy and handling significant role in shaping finance ongoing technology support and accounting operations Providing actionable insights

Sample size: 300 CFOs and their direct reports in 2020 and 301 CFOs and their direct reports in 2022

Change management

Most often than not, organizations need to overcome cultural inertia to drive change initiatives successfully. They should exert themselves to minimize disruption and customize change management plans for each group/function based on its involvement with the effort, ensuring proper communication and visibility to all the affected employees. The larger goal should be to build a culture that views change and continuous improvement as the norm and not a one-time exercise.

While initial measures of success of transformation initiatives can be technology-led, KPIs need to rapidly evolve to measure agility and business outcomes to track revenue leakage, working capital improvements, and customer experience (NPS), along with accuracy and timeliness metrics. In addition, best-in-class enterprises implement a centralized governance structure with a one-team approach, which helps improve relationships and business outcomes.

More than 60% of CFOs believe that having a robust change management practice is extremely important to drive a successful change initiative. – Everest Group Survey, 2022

Talent management

Modernization in organizational transformation agendas with next-generation digital technologies has emphasized the need to invest in techno-functional skills. Organizations should formulate customized programs to cross-skill or upskill their talent. Transactional tasks will be automated by digital technologies, and, hence, organizations should identify ways to upskill employees to ensure that they are prepared for more strategic roles that involve judgment. While the importance of policies promoting employee well-being and focusing on talent retention cannot be understated for improving workforce quality in the future, organizations need to rethink their strategies related to talent acquisition to bring in talent with future-ready skill sets.

They should also come up with an optimal mix of permanent and non-permanent workforce, including gig workers, which can be leveraged for use cases such as highly repetitive work in P2P, highly specialized skills in FP&A, or to manage volume fluctuations. Talent considerations also create strong business cases for leveraging third-party providers. With the prevalence of location-agnostic work environments, organizations should also be more open to explore new regions/cities to get access to a wider and the right talent pool.

More than two-thirds of the surveyed CFOs consider workforce upskilling/reskilling as extremely important in driving a successful change initiative. – Everest Group Survey, 2022

Conclusion

In a post-pandemic world, the role of CFOs and the finance function has shifted from the back office to a more strategic position. Since 2020, CFO challenges and priorities have been evolving constantly, with CFOs exhibiting an increased appetite to invest in digital transformation initiatives focused on shifting to cloud infrastructure, enabling a hybrid working environment, minimizing risk exposure, optimizing operations costs, and improving efficiency and stakeholder experience through digital solutions.

However, as this research and Exhibit 11 show, some themes are more chatter than reality.

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EXHIBIT 11

Key chatter vs. reality themes

Source: Everest Group 2022 Global CFO Survey

Key areas



Major organizational challenges

The depth and breadth of challenges have reduced following the pandemic as business environments stabilize from pandemic-induced disruptions

Investment appetite

Organizations allocate funds for transformation on a sustainable basis through budget allocations at cyclical/regular intervals and through self-funded transformation.

Key investment areas

- Digital transformation is primarily applicable to transactional areas and not judgment-intensive areas
- ESG/sustainability goals have become a key organizational priority, and, thus, dedicated investment/funding is available for initiatives focused on ESG goals

Digital adoption

- AI-/ML-based predictive/prescriptive analytics solutions are experiencing large-scale adoption
- Most organizations are prioritizing the large-scale implementation of advanced data management approaches, such as centralized data lakes
- Enterprises are actively investing in blockchain, which is driving real business outcomes

Approach to transformation

Tower leads drive most transformation initiatives, with minimum involvement from the C-suite. The initiatives are largely focused on cost savings and efficiency improvements.

Role of thirdparty service providers Third-party service providers are expected to execute organizations' transformation strategies and are responsible for managing day-to-day operations with strong adherence to KPIs/SLAs.

Reality

The intensity and volume of challenges is increasing, with pricing pressures, higher risk exposure, and talent-related issues at the forefront.

While enterprises' overall investment appetite has increased, most transformation funding is decided/allocated on a case-by-case basis and maintaining/sustaining long-term funding is still a challenge.

- Complex, judgment-intensive areas are attracting an equal degree of transformation investment as transactional areas such as Accounts Payable (AP) and Accounts Receivable (AR)
- Most organizations are still at the initial stages of developing their ESG and sustainability strategies.
 While interest in this area is high, the focus currently is on specific/niche areas – such as ESG data management, reporting (e.g., carbon accounting), due diligence, and performance management – a majority of which are still at a nascent stage
- While predictive/prescriptive analytics use cases are increasing among mature organizations, overall market adoption is still at a nascent stage. There is extremely high adoption of real-time dashboards / visualization tools across P2P, O2C, and FP&A to increase organizational data visibility
- Organizations are heavily investing in the functionlevel data consolidation layer and leveraging multiple tools for data extraction, data cleansing, and data classification to increase visibility into organizationlevel data and enhance overall data quality. The implementation of centralized data lakes is still at a nascent stage
- A majority of blockchain use cases are still at the Proof-of-Concept (PoC) stage

Most organizations are leveraging an organization-/function-wide transformation approach, with the C-suite driving these initiatives. The initiatives are focused on creating a larger business impact, and cost savings and efficiency improvements are often considered as value additions.

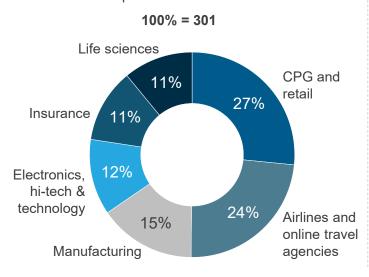
Clients expect to partner with third-party service providers in designing and executing their transformation strategies and roadmaps while managing day-to-day operations to improve business impact.

Initiatives focused on ESG or sustainability goals and advanced technologies such as blockchain and predictive/prescriptive analytics are still in early stages, but use cases involving cloud technologies, automation, and basic analytics have increased significantly. Organizations are also shifting to an end-to-end transformation approach versus a siloed approach to modernization. However, to achieve success, they still need to work hard to secure active involvement of their leadership and a dedicated funding mechanism for transformation. We believe that an integrated finance operations approach with robust talent and change management practices, appropriate leverage of third-party service providers, focused involvement of organizational leadership, and secure investment funding (e.g., through cyclical budget allocations) are vital in driving organizations to build agility and resilience in their finance functions.

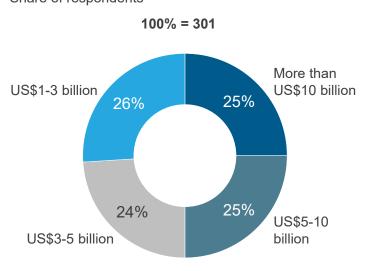
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Appendix

Respondent profile by organization's industry Share of respondents



Respondent profile by organization's revenue Share of respondents



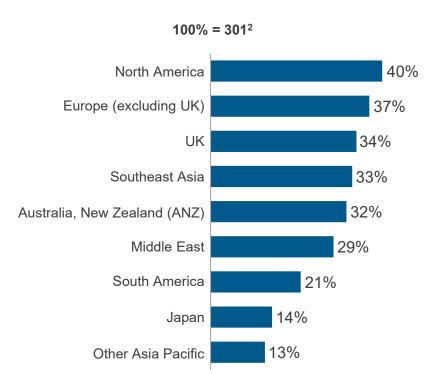
Respondent profile by organization's operational geography Share of respondents

100% = 301

Global¹

47%

Regional¹



1 Top five areas with the highest gap between the level of support expected in 2020 vs. 2022

2 Percentages will not sum up to 100% as an organization may operate from multiple geographies Source: Everest Group 2022 Global CFO Survey



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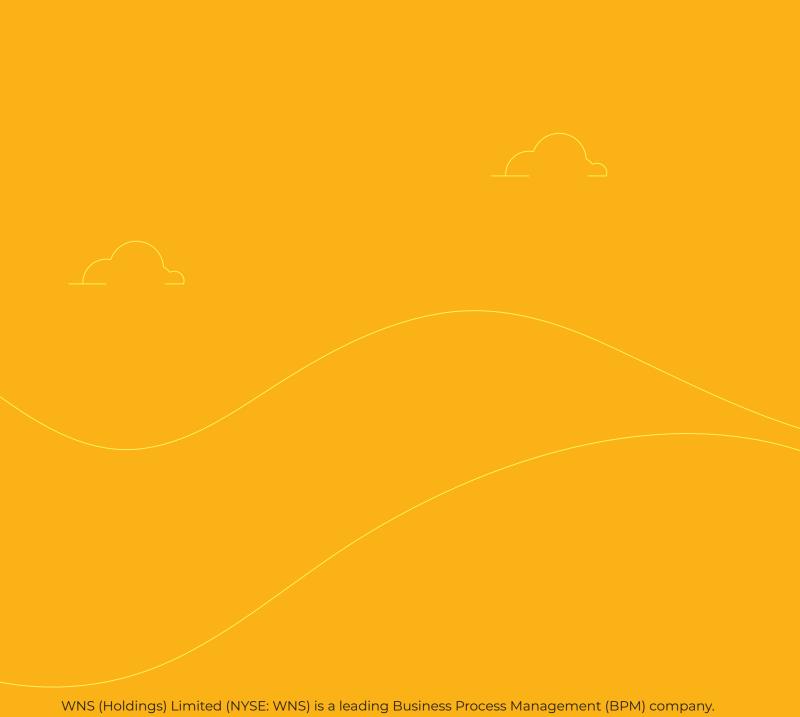
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