SAP Concur

Five Trends for CFOs to Watch

How resilience, elevated employee experience, and transformative technology solutions will shape tomorrow's organizations

THE BEST RUN SAP

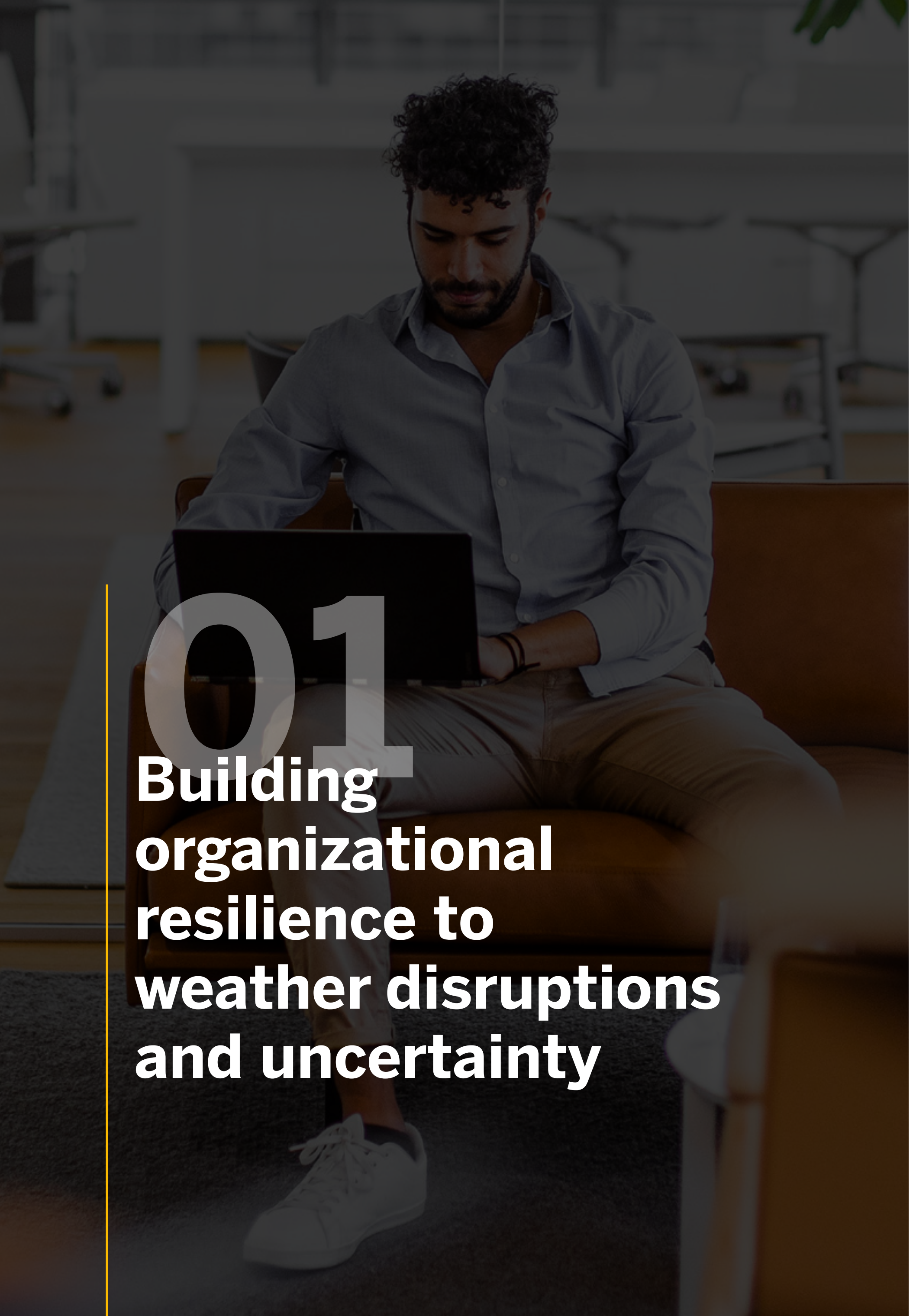
Chief financial officers (CFOs) and finance leaders are tasked with ensuring that accounting basics are handled smoothly. But simply having the bare minimum in financial infrastructure isn't enough for an organization, or a CFO's career, to thrive, especially during challenging times.

Modern senior finance professionals need to think strategically about how digital transformation and process improvement can positively impact their finance teams — and ultimately the business — several years down the road. To be tactical partners with business leaders and the C-suite, CFOs need to be continually scanning conditions ahead to help the company succeed during rough seas or calm waters and meet rapidly evolving market conditions as well as changing customer, employee, and investor demands.

This white paper outlines five current trends that CFOs and finance leaders need to consider as they establish priorities for their finance team and their company in the near- and long-term.

5 TRENDS FOR CFOS TO WATCH TODAY AND TOMORROW:

1. Building organizational resilience to weather disruptions and uncertainty
2. Accelerating digital transformation
3. Improving the employee experience by investing more in automation and digital tools
4. Turning data into business intelligence and actionable insights; embracing more data-driven decision-making
5. Prioritizing investments and spending intentionally



01 Building organizational resilience to weather disruptions and uncertainty

A perfect storm of macroeconomic forces has made uncertainty the dominant force in the market. Sharply rising energy costs, climbing inflation, fear of recession, supply chain disruptions, workforce challenges, ongoing regional conflicts — it's hard to know what will disrupt the economy next. Smart leaders are making adjustments now to minimize the impact of current and future headwinds on their organizations.

Organizations can build resilience by improving operational efficiency through controlling spend, containing costs, and streamlining core business processes.

65% of financial and IT decision-makers surveyed say increasing or improving operational efficiency and productivity is a top business cost containment goal.[1]

Digitization is at the core of streamlining business processes, particularly back-office finance operations like expense and invoice management. Companies that harness powerful technology tools like intelligent finance automation can simplify their processes and make steps disappear.

[1] Analysys Mason 2022, Travel, Expense, and Vendor Invoice Management Study.

Travel, expense, and invoice management solutions that include artificial intelligence controls can help safeguard spending — checking expenses and getting smarter with every transaction, so out-of-policy spending is caught before it occurs and turns into a margin-busting surprise.

When costs keep rising, budgets keep tightening, and the business climate keeps changing, every spending moment matters. Leaders who improve every spending moment bring more certainty, efficiency, and savings into their business.

By intelligently controlling spend and digitally transforming core business processes for improved efficiency, leaders can create a resilient company foundation that allows them to focus on what's important, even if the waters are choppy.

> "SMBs that are digitally savvy and fully lean in to technology by enhancing or adding technology solutions will build resilience to help them navigate economic challenges and a rapidly changing business environment."
>
> **Katie Evans, Worldwide Small and Medium Business Research Director, IDC**

02 Accelerating digital transformation

Many organizations were compelled to digitize at least some processes rapidly during the pandemic. But even with the return to in-office and hybrid work, further embracing and completing digital transformation is critical for the future success of a business. The protections that a transformed organization will have create a strong foundation to weather uncertainty.

42% of IT leaders surveyed say one of the biggest benefits of digitally transforming business processes is improving business operations and reducing exposure to risks.[2]

For finance leaders who haven't finished the transition, what will digital transformation of core business processes deliver? It saves time and money, increases productivity, and impacts the bottom line. It also helps organizations run smoothly in the new hybrid work environment. Interestingly, 44% of IT leaders surveyed say a top benefit of digital transformation is that it enables the business to run successfully whether employees are in the office or working remotely.[3]

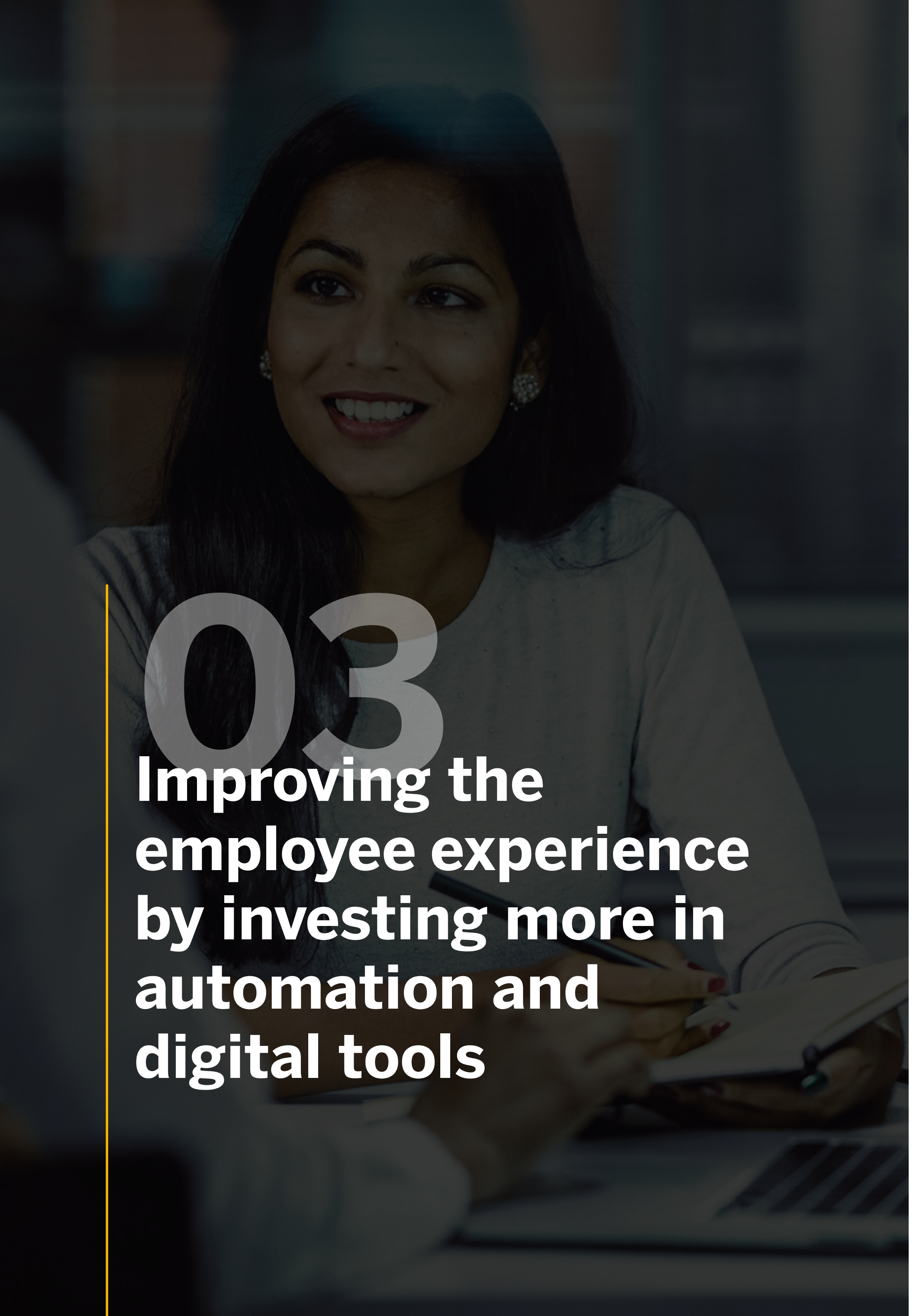
[2-3] Analysys Mason 2022, Travel, Expense, and Vendor Invoice Management Study.

One of the most approachable tools in the digital transformation toolbox is intelligent automation (IA). This next-gen solution automates manual processes, minimizes tedious tasks, brings speed and simplicity to business processes, and increases team agility and productivity. IA learns as it goes, so it becomes smarter and more efficient with every pass. Leaders who employ IA or solutions with AI built-in let their systems do more of the work so their teams can focus on high-value tasks. It's time to use intelligent technology, not outdated tools.

The benefits of intelligent automation are tangible: IA reduces errors and improves accuracy, saves time and money, increases compliance, and allows your company to do more with less — a particularly valuable benefit as companies struggle to bridge the talent gap. IA increases employee satisfaction so you can keep the employees you do have and ensure they're happier, more productive, and focused on the strategic work that drives your business forward.

Embracing and completing digital transformation is one of the most powerful strategic steps a business can take. 48% of financial and IT decision-makers surveyed say digitally transforming the overall finance process is strategically important to their company's continued success, and 72% of businesses think digital transformation is key to their business growth.[4]

[4] Analysys Mason 2022, Travel, Expense, and Vendor Invoice Management Study.



03 Improving the employee experience by investing more in automation and digital tools

The workplace of today and the future looks very different from how it looked even a few years ago. And changed workforce expectations require an open mind and dedicated effort from all levels of company management, not just the human capital team. Adapting to new flexible workplace realities and attracting, retaining, and affording good employees during an unprecedented labor crunch has never been more challenging.

The flexible hybrid workplace model is here to stay. Employees have new expectations about their work-life balance and doing work that truly matters. Younger generations in the workforce (Gen Z and the incoming Alphas) want an organic reliance on technology (they are, after all, the first generation of digital natives), a focus on sustainability, and a company culture that resonates with their beliefs and values.

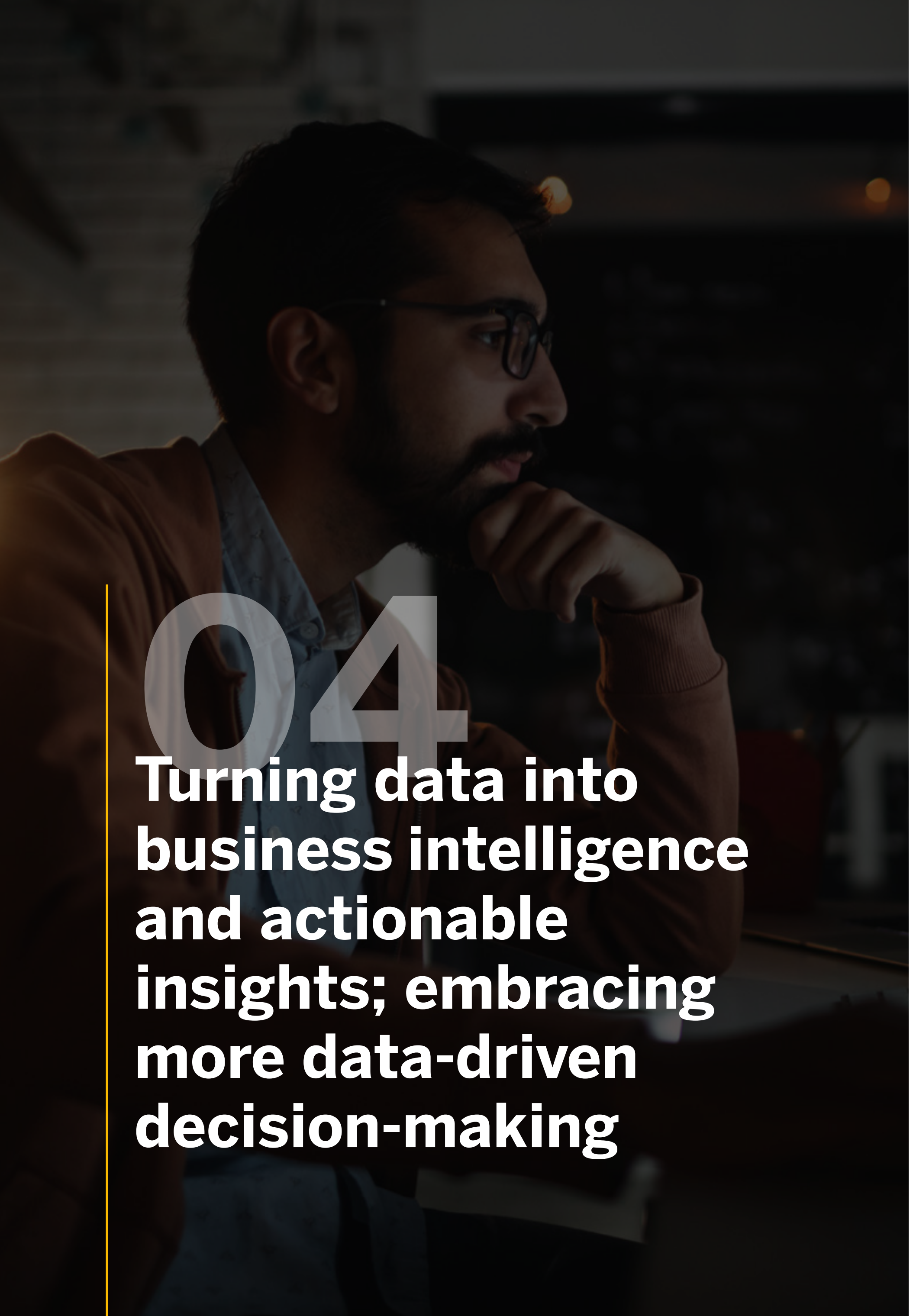
By 2027, **two thirds** of SMBs will increase investments in automation and digital tools to make up for the shortage of workers and increased labor costs, reduce manual processes and human error, and boost productivity.[5]

[5] IDC FutureScape, Worldwide SMB/DNB 2023 Predictions, doc #US49772322, October 2022.

The macro trends that govern the labor market are not expected to abate in the foreseeable future, so a shortage of talent, rising labor costs, and the challenges of retention are the new norm. Investing in modern technology solutions can help businesses in two ways: smaller organizations can do more with less staff (or the same staff), and digital tools have an outsized impact on employee sentiment. Intelligent automation helps eliminate monotonous tasks and busywork so employees are more productive. They have more time to concentrate on the work they find more fulfilling. Companies that use advanced technology to turn work's frustrating moments into moments of speed and simplicity are in a strong position to build and maintain their workforce. Keep qualified employees, not the status quo.

> "Businesses are more focused on employee satisfaction than ever. Automation helps improve the employee experience by minimizing mundane tasks. The right tools can help businesses leaders create an environment in which both employees and the business can grow."[6]

[6] Analysys Mason 2022, Travel, Expense, and Vendor Invoice Management Study.



04 Turning data into business intelligence and actionable insights; embracing more data-driven decision-making

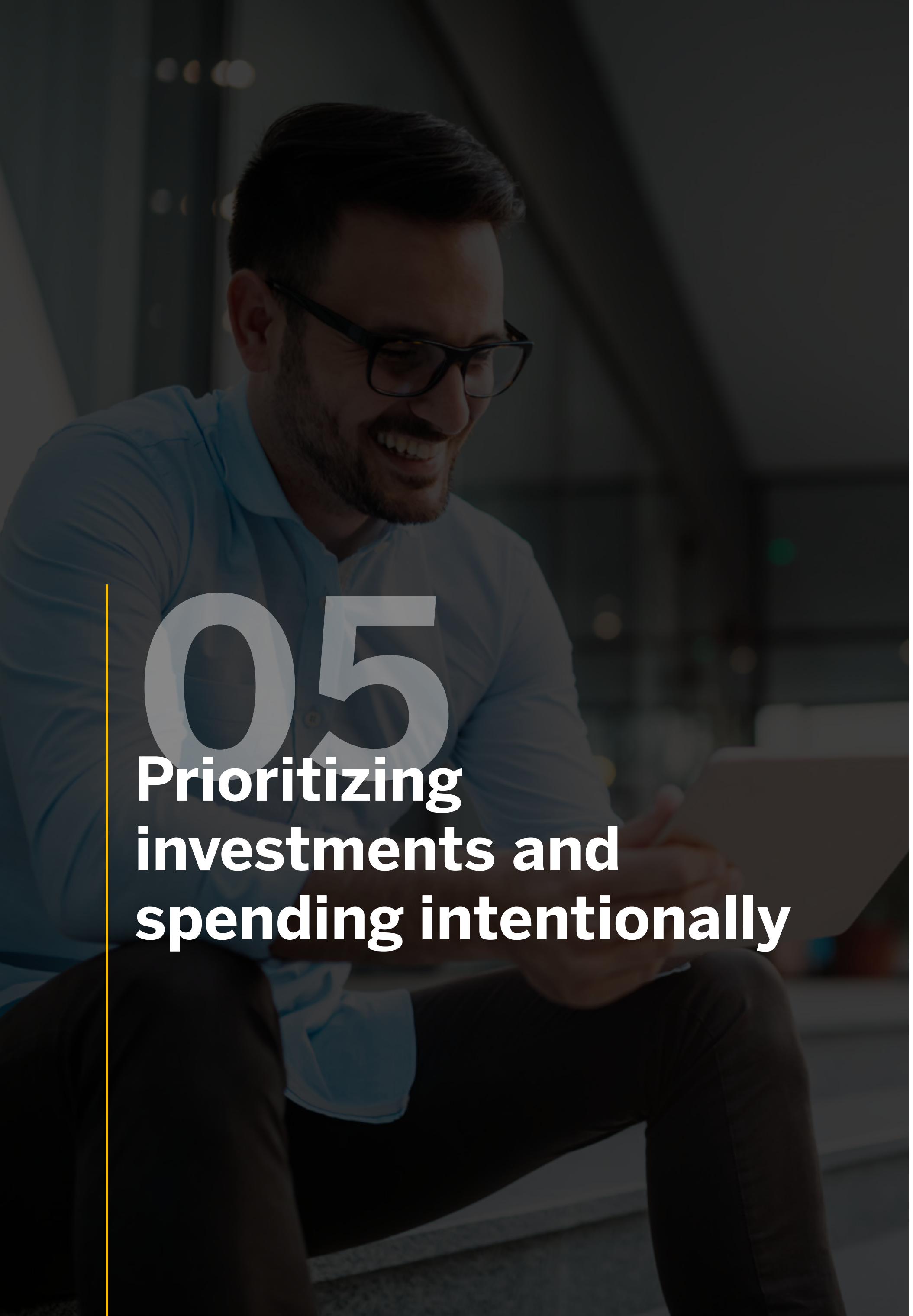
More than ever, companies are swimming in data, but the real value — and competitive advantage — lies in making sense of that data and turning it into meaningful, actionable intelligence. When technology tools are applied to provide visibility and yield insight, data becomes empowering. Without adding overhead, you add sophisticated analysis that drives smarter decision-making, improved efficiency, and growth.

Using T&E as an example, digital controls and intelligent tools provide near real-time visibility into figures so that trends formerly buried in spreadsheets can pop out. These insights help you stop leakage before or as it occurs and prevent waste that you can't afford. You now manage proactively instead of reactively, and your decisions and forecasts are smarter and faster.

Throughout the range of business processes, digital controls can improve accuracy and increase compliance. And because intelligent tools learn over time, they can deliver more accurate forecasts with each pass. As businesses deploy more tools to wring efficiency from their business processes, it's important to complete the full cycle of data analysis — reporting, auditing, analysis, alignment, and key performance indicators (KPIs) — to measure the success of changed or new policies so the process stays iterative.

In uncertain times, increased efficiency and operating performance, accurate forecasts, and razor-sharp planning are vital to the financial health of your company. This is the moment to make sure you have the visibility you need to keep your business on track. Put modern controls and tools to work for your organization so you can see the story in your data without gobbling up time your team doesn't have. Free your team to do their best work, not busywork.

> "Data is the core capability of any organization, and businesses with the right analytics in place can uncover valuable insights they use to improve their bottom lines."
>
> **Katie Evans, Worldwide Small and Medium Business Research Director, IDC**



05 Prioritizing investments and spending intentionally

As belts tighten in turbulent times and executives are asked to do more with less, finance managers must rein in costs and spend intentionally on investments that offer significant return and concrete benefits. Rising to the top of priority lists are technology investments like completing the digital transformation of core business and finance processes — including a shift to the cloud and continued vigilance with cybersecurity. Prioritizing investments in operations technology that can reduce T&E spend through process improvements is a clear winner since it saves both time and money and benefits can be realized quickly.

With spending under scrutiny, the successful collaboration between finance and IT becomes even more important, and teams are stepping up:

70% of IT leaders surveyed say IT and finance teams collaborate well and work closely together to make decisions on implementing financial management–related applications.[7]

Leaders who make the right technology choices empower their companies to react nimbly to market forces and make decisions proactively instead of being caught on their heels in reactive mode. This type of agility and adaptability is a highly valuable competitive advantage in any economic climate.

[7] Analysys Mason 2022, Travel, Expense, and Vendor Invoice Management Study.

A solid technology foundation acts as a scaffold during leaner times and a springboard for growth when conditions improve and a business is ready to scale for the future. Companies that employ a measured, thoughtful approach to technology investments now will emerge stronger when smoother seas prevail.

The number one overarching business challenge that businesses expect to face in the next 12 months? **Investing in new technology infrastructure to support growth.**[8]

As executive teams look ahead to areas where an on-staff leader is critical for strategic decision-making, they will invest in bringing skilled IT employees in-house. Over half of medium-sized businesses will hire key technology decision-makers by 2026 as they continue to invest in digital transformation and seek to have IT thought leadership *on staff*.[9] For businesses that outsource their IT function, 40% of the 2,600 global SMBs surveyed in a February 2022 IDC study said they did not have one full-time, in-house IT employee,[10] so their road is steep.

[8] Analysys Mason 2022, Travel, Expense, and Vendor Invoice Management Study.
[9-10] IDC FutureScape, Worldwide SMB and DNB 2023 Predictions, doc # US49772322, October 2022.

Conclusion

Modern CFOs and finance leaders must look beyond the accounting function to see the macro trends that are shaping the new business landscape. Success in navigating these trends involves understanding the nuanced tools and strategies that will buttress businesses during economic headwinds and enable growth when conditions improve. Savvy leaders are focusing on helping their companies:

- **Build resilience** through digitization and by streamlining business processes to achieve improved operational efficiency.
- **Complete digital transformation and apply intelligent automation** to save time and money, reduce risk, do more with less, and enhance productivity.
- **Adapt to new workplace and workforce realities** and embrace the new hybrid world of work, improve employee experience, overcome the talent gap, and build the workforce they need.
- **Harness data** for real-time visibility and smarter, actionable insights.
- **Acknowledge the strategic value of IT,** the foundational role a solid platform plays, and the importance of thoughtful spend on the right investments that deliver measurable return.

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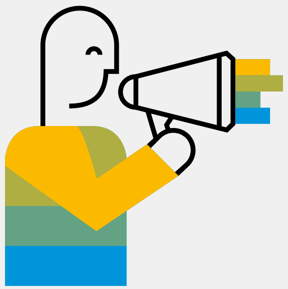

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