



The modernization imperative for today's finance leaders

CFO research report

Anaplan

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Executive summary

Finance leaders are tasked with the formidable challenge of navigating uncertainty while making strategic decisions that propel an organization forward. This demands a high degree of adaptability and agility as you navigate through ever-changing market conditions, determining when to hold steady and when to pivot in response to emerging challenges and opportunities.

You're no stranger to the myriad challenges that come your way. From inflationary pressures and economic downturns to disruptions in global supply chains and persistent talent shortages, the landscape you operate in is rife with volatility and complexity. Moreover, the rapid pace of transformation in the finance function, driven by advancements in technology and shifts in consumer behavior, makes your role increasingly critical to enterprise success.

Despite your best efforts, you may find yourself grappling with obstacles that currently hinder your ability to get the information you need to make informed decisions that will positively impact the business. This is often due to cultural, technical, and operational barriers that stand in the way of obtaining timely and accurate data, making it challenging to generate the insights necessary for effective forecasting and decision-making.

Overcoming these barriers is paramount to guide your organization through today's challenges and ensure its long-term success. Obviously better decisions lead to better outcomes, but where do you start? In this report, we'll look at the opportunities that come with a modern finance organization and how you can lead with confidence in the face of uncertainty.



Key findings

Our study, which surveyed 1,000 financial leaders across various industries, revealed that finance leaders are facing a crisis of confidence attributable to unreliable data and increased responsibilities.

99% of leaders say they face issues when accessing data from across the business

95% of finance leaders have taken on new responsibilities beyond their traditional role

99% of their organizations have experienced negative consequences due to decisions based on inaccurate information

Finance leaders today are experiencing a massive crisis of confidence in their ability to make data-informed decisions.

What are the barriers standing in their way?

Research

Part 1: The barriers to forecast accuracy

A key to any successful finance organization is forecasting. Accurate forecasting relies on up-to-date data that enables real-time scenario planning. Our research revealed three significant obstacles:



Inability to harness emerging technologies:

Outdated systems and methodologies hinder progress and adoption



Organizational silos:

Crucial information remains compartmentalized and inaccessible across the business



Lack of data-driven culture:

Minimized utilization of available resources and skills required for a modern finance organization

In the following sections we will dissect these three pivotal barriers and opportunities to overcome them.



The barriers to forecast accuracy: Harnessing technology to unlock forecasting precision

The importance of the right tech stack is critical to enable organizations for success. Yet, finance leaders cite inadequate technology as a significant barrier standing in their way and recognize the need for change.



7%

of leaders say they currently have the right technology in place to forecast at speed

However, amidst this challenge lies an opportunity for transformation. Embracing the transformative power of Connected Planning (the process of integrating the strategic and operating plans across functions to enable improved insights and better decision-making while reducing information siloes) results in more precise and insightful forecasting methodologies and processes to support insights-led decision-making. An integrated, collaborative planning platform serves as the linchpin for modernization efforts, providing teams with a shared space to strategize and refine forecasts collectively. Through seamless communication and alignment across departments, these platforms break down silos and foster a data-driven culture. Additionally, as organizations embrace emerging technologies like AI, they can analyze vast amounts of data in real-time, extracting meaningful insights for confident and data-driven decisions, thus accelerating intelligent forecasting processes. The issue?



59%

don't currently have the data and analytics infrastructure and capabilities to recognize the value of AI

For organizations committed to finance transformation, technology limitations should no longer be a barrier to achieving forecast accuracy. By embracing predictive analytics, AI technologies and investing in data integration capabilities and processes with Connected Planning, organizations can navigate the complexities of the modern business landscape with confidence and agility. And with newfound confidence, finance leaders can unleash the full potential of actionable insights to drive strategic decision-making and accelerate business growth.

The barriers to forecast accuracy: Tearing down silos to foster cross-functional collaboration

Silos within organizations impede the generation of holistic insights necessary for accurate forecasting and effective decision-making.

99%

of finance leaders are not able to get the data they need from across the organization due to silos

But why do organization silos exist, and how do they impact forecasting accuracy? Imagine trying to piece together a puzzle with only a fraction of the pieces available to you. Siloed data is akin to missing puzzle pieces, rendering the final picture incomplete and inaccurate. They may manifest as isolated pockets of information and expertise or can be as prevalent as full departments operating completely independently, leveraging independent data and insights that could otherwise contribute to a more comprehensive understanding of the business. When you lack access to cross-functional data and insights, forecasts are built on flawed foundations, leading to suboptimal decision-making and missed opportunities.

To overcome these challenges, you must take proactive steps to dismantle silos and foster cross-functional collaboration. This requires a cultural shift toward transparency, open communication, and shared access to data. You must lead by example, championing a culture of collaboration and transparency across departments. Encourage open communication channels and foster a spirit of cooperation to dissolve silos and facilitate the free flow of information so you can enhance alignment on strategic goals and priorities. Breaking down data silos is a fundamental imperative for finance leaders looking to achieve accurate forecasting and better decision-making.

The barriers to forecast accuracy: Championing a data-driven culture

Finance teams find themselves at the forefront of rising expectations from the business, grappling with increased responsibilities and often constrained resources. As they strive to meet stakeholder demands, accurate forecasting becomes paramount.

Another barrier is the time spent by finance teams on manual adjustments to forecasts due to data reliability and integrity issues.

80%

of leaders report their teams spending additional time each week making manual adjustments

This time not only introduces the potential for errors, leading to inaccurate forecasts and decision-making, it negatively impacts productivity by diverting workforce capacity away from value-added activities for the business.

To address these challenges and enhance forecast accuracy, organizations must prioritize cultivating a data-driven culture. This entails instilling a mindset where data is at the forefront of decision-making processes and investing in both technology and talent to support data-driven initiatives. Here are some key steps organizations can take:

- **Provide ongoing training and upskilling:** Prioritize continuous learning and development initiatives to bridge skills gaps within finance teams. Offer training programs and resources to enhance data literacy and analytical capabilities among staff.
- **Encourage an 'open-data' policy:** Foster cross-functional collaboration between finance and other departments to ensure alignment in the processes for data collection and interpretation. Allow insights to flow freely by encouraging open communication and access to finance models, facilitating knowledge sharing and collaboration on forecasting efforts.
- **Cultivate a data-driven mindset:** Foster a culture where data is viewed as a strategic asset and integral to decision-making processes at all levels of the organization. Encourage data-driven decision-making by providing broad access to timely and relevant data insights.

Achieving forecast accuracy is more than common data and process integration — it necessitates a cultural shift toward data-driven decision-making. By addressing barriers such as organizational silos, skills gaps, and talent shortages through the cultivation of a data-driven culture, organizations can enhance their forecasting capabilities and drive better business outcomes in an increasingly complex and dynamic environment.

Research

Part 2: The evolution of the modern finance leader

As businesses undergo profound changes, finance executives find themselves at the forefront of a significant transformation in their roles and responsibilities. These newfound responsibilities, ranging from supply chain planning to workforce optimization, underscore the evolving nature of the finance leader. These expanded duties not only require the adaptability of finance executives but also highlight their crucial role in driving organizational alignment across various facets of the business.

95%

of finance leaders have found themselves tackling tasks that were once beyond their core remit

The role of the finance leader has been influenced by several key factors that shape their responsibilities and priorities.



Increasing reliance on new technologies



Changing customer behaviors



The scarcity of available talent



Shifting industry practices

As expectations of the role increases, so does the demand on their teams. With new technologies serving a critical role in the ability to generate desired deliverables, finance leaders are starting to recognize gaps in critical skills and training.



45%

of leaders highlight the need for staff upskilling to generate the insights required for accurate forecasting

Leaders also recognize that AI will have an impact on their role over the next five years adding new complexity, investment and increased responsibility.



45%

believe they will need to take on additional duties related to AI-driven initiatives

These factors not only necessitate agility and adaptability, but underscore the importance of strategic foresight and improved decision-making among finance executives. As they navigate these challenges, finance leaders must continuously refine their skill sets and leverage innovative solutions to meet the evolving needs of the organization and drive sustainable growth. Those who do not adapt risk falling behind.

Research

Part 3: The high cost of inaction

Amidst these changes, the importance of real-time forecasting becomes increasingly apparent to finance executives. With the need to steer their organizations swiftly and reliably in the right direction, finance leaders recognize the critical role of timely, accurate and fluctuating forecasts aligned with strategic and financial objectives.

93%

of finance executives find themselves without access to real-time forecasting capabilities

What happens when businesses cannot trust the reliability of information on which some of their most important decisions are made? According to finance leaders the impacts are being felt at both an organizational and professional level.



The high costs of inaction:

Business impact

When walls are up between different functions, systems, data and processes the result is a lack of alignment on organizational goals. And without the foundation of accurate forecasting, the odds of achieving alignment are low.



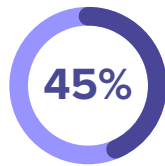
99%

of executives have seen their businesses face negative consequences due to decisions based on inaccurate forecasts

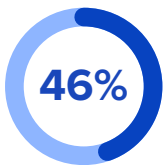
Business impact of inaccurate forecasting



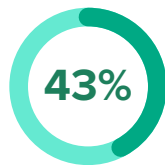
delayed deliverables



low productivity



lost business opportunities



workforce staffing issues

This has led to a crisis of confidence in financial forecasting that is manifesting in real-world consequences for the entire organization, weighing on the long-term prospects for businesses.

The high costs of inaction: Professional consequences

The pressure to rapidly produce financial reporting and forecasting often comes at the expense of the quality and accuracy and in the process contributes to the lack of confidence.

87%

of finance executives acknowledge that forecasts are often out of date by the time they are presented to cross-functional stakeholders

This inevitably has a negative effect on their ability to make informed decisions and ultimately can undermine their credibility.

100%

of finance leaders have faced personal consequences in their own roles due to forecast inaccuracy

Professional impact of inaccurate forecasting

47%

experienced an increased workload

41%

experienced a department hiring freeze

41%

faced criticism from stakeholders

40%

had delayed career advancement

Conclusion

The path to finance planning modernization

While the business case for finance modernization and real-time forecasting is compelling, only 35% of organizations are actively taking steps toward enhancing their forecasting capabilities. This disconnect highlights the urgent need for organizations to prioritize investments in technology and processes that enable real-time access to cross-functional information, empowering finance leaders to make informed decisions and drive sustainable business outcomes.

A modern approach to financial planning offers the opportunity for finance teams to connect information and workflows from across the business, as well as the external supplier and partner ecosystem. This allows them to harness the full power of their data, helping to align the whole organization behind unified plans to achieve its strategic priorities.

A connected finance organization can link finance together with all the future-oriented aspects of the business: operations, sales, workforce, marketing, supply chain, and IT. Everyone is working with the same, accurate information.

This transformation paves the way for faster analysis and better-informed insights, to help decision-makers anticipate market trends and uncover hidden opportunities — and have full confidence in the plans they form to grasp them.

For today's finance leaders, overcoming barriers to forecast accuracy requires a comprehensive strategy that addresses silos, technology limitations, and cultural impediments. By fostering cross-functional collaboration, embracing advanced technologies like AI, and cultivating a data-driven culture, finance executives can position their organizations for success in an ever-evolving business landscape. With the right tools, processes, and talent in place, finance teams can harness the power of data to make informed decisions, drive innovation, and achieve their strategic objectives with confidence.





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