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REIMAGINE

From automation and cloud to ESG and talent management, CFOs are reimagining their long-term roles

2022 GLOBAL FINANCE TRENDS SURVEY REPORT

Contents

Executive summary

CFOs are positioning themselves as key contributors to the enterprise's strategy and related dialogue in the C-suite and boardroom.

Coming through several tumultuous years, CFOs and finance leaders have spearheaded enterprisewide responses to business challenges sparked by widespread labor shortages, outdated and inefficient supply chain models, Russia's war on Ukraine and the resulting profusion of business sanctions on Russia (along with global supply chain impacts), interest rate volatility, and rising inflation. If the global pandemic rendered brutally honest judgments on finance transformation progress, subsequent effects have presented opportunities for CFOs to establish and stress-test their expanding strategic roles in real time.

The takeaways from the results of our latest Global Finance Trends Survey show that, not surprisingly, CFOs are positioning themselves as key contributors to the enterprise's strategy and related dialogue in the C-suite and boardroom. Our findings confirm that CFOs continue to extend the value they deliver to the organization far beyond the boundaries of traditional finance and accounting activities. CFOs make pivotal contributions to remodeling the organization's talent and technology investments, designing and implementing supply chain transformation, guiding ESG strategy and reporting, fortifying cybersecurity, and helping the enterprise contend with soaring inflation and rising interest rates.

Much of this stems from finance's strong foundational knowledge in financial reporting and data management. Today's CFO and finance leader bring to their organization a unique blend of financial management fundamentals, risk intelligence, and access to forward-looking, data-driven insights, particularly related to the company's strategy, investments and innovations, as they drive not only financial reporting activities but also those tied to ESG, talent management, supply chains and more.

So, take a few minutes to dig into our survey findings, from the top finance priorities as rated by your peers to how they are addressing inflationary and other market trends, ESG reporting requirements, and more. And we hope you gain further appreciation for the strategic vision the CFO and finance organization are helping to drive in today's leading organizations.

Top overall priorities — CFO/VP Finance

- Security and privacy of data
- Profitability reporting and analysis
- Blockchain/smart contracts
- Cloud-based applications
- Financial planning and analysis
- Changing demands and expectations of internal customers
- Leadership (within your organization)
- Process mining
- Automation
- The changing roles of human resources, leadership & development, and recruiting

Key findings

01 Use of flexible labor models is on the rise

Amid the ongoing war for qualified talent, more finance organizations are leveraging managed services providers and staff augmentation options to obtain in-demand and hard-to-find skills and resources in areas including financial reporting, accounts payable, strategic finance and PMO activities. Leveraging a flexible labor model is especially advantageous amid uncertain market conditions.

02 Security and privacy of data remains the top priority … but barely

Similar to prior years, security and privacy remains the top-ranked priority globally for CFOs, but other finance areas trail close behind, including profitability reporting and analysis, blockchain, and leadership skills.

03 Blockchain rises

While never a low-ranked finance priority, blockchain and smart contracts have jumped well into the top 10 this year.

04 ESG strategies and reporting take center stage

From increased focus on and frequency of ESG reporting to formal and documented DEI programs, CFOs and finance leaders are devoting more time, attention and resources to enterprise ESG initiatives.

05 Inflation is a concern — though for CFOs, not a major one

It's not surprising to find the impact of inflation (a new area added to this year's survey) among the top overall priorities in the study, but it ranks noticeably lower for CFOs than other finance leaders, perhaps indicating their greater awareness of measures the organization is taking or their views on other trends that may be emerging.

Top priorities for CFOs and finance leaders

Standout areas include security and privacy, automation, analytics, cloud, and leadership skills.

Security and privacy of data again stands out

Security and privacy of data remains a top priority for CFOs and finance leaders, but the survey results indicate a downward trend that suggests more organizations may believe they have this critical issue under better control. It also reflects other competing priorities CFOs and finance leaders are addressing – among them, profitability reporting and analysis, blockchain, and leadership skills. Moreover, when asked to name the one priority most important for their organization to address over the next 12 months, CFOs cited automation most frequently.

Still, when it comes to data security and privacy, CFOs cannot afford to become complacent. Among many ongoing challenges, more government authorities and regulators view cybersecurity and data privacy as CFO priorities. For example, earlier this year, the U.S. Securities and Exchange Commission (SEC) issued a series of proposed amendments to its rules on cybersecurity risk management, strategy, governance and incident reporting by public companies.[1]

Compliance with such requirements calls for expertise that falls squarely in the CFO's wheelhouse. For example, finance groups play a leading role in:

- Determining whether cybersecurity incidents rise to a level of "materiality";
- Ensuring appropriate attention is paid to controlling breaches when they occur as well as subsequent remediation activities;
- Reporting cyberattacks and related remediation efforts to investors and other stakeholders; and
- Disclosures concerning risk management policies, third-party risk management procedures, the board of directors' oversight of cybersecurity risks, and management's role in assessing and managing these risks.

Finance leaders should be engaging in a broad range of activities related to cybersecurity and data privacy. Many leading CFOs now quantify cyber risks in dollars, articulating those risks in business terms, benchmarking cybersecurity spending in the market, evaluating current investment allocations, and ensuring that data security and privacy activities extend to third parties. Today, most of these activities qualify as table stakes.

73%

CFOs and VPs of finance who view security and privacy of data as a top priority for the finance organization over the next 12 months.

1 "SEC Cybersecurity Disclosure Enhancements: They're Coming, in One Form or Another," Protiviti, June 3, 2022: www.protiviti.com/US-en/insights/flash-report-060322-sec-cybersecurity-disclosure-enhancements.

To further support these efforts, the CFO should seek to improve their collaboration with the chief information security officer (CISO) and data privacy leaders by clearly connecting their activities to business objectives, especially when sharing information with the board. These collaborations yield improvements to how the organization responds to ransomware attacks, changing regulatory requirements, third- (and *n*th-) party data security and privacy risks, and the hardening cyber insurance market.

Organizational ransomware responses offer a useful depiction of the CFO's expanding role in cybersecurity. CFOs quantify the risks associated with ransomware, evaluate and approve funding that enables organizations to respond to these attacks quickly and cost effectively, and help address the difficult question of whether to pay bad actors to unlock company systems and/or restore data. Finance leaders also proactively raise and address difficult ransomware issues during tabletop exercises. For example, they evaluate the risks and rewards of the high stakes pay-or-don't-pay question, establish decision-making criteria, and, to ensure the organization is prepared for all options, develop and test crypto payment procedures well before a ransomware attack occurs.

Key action items for CFOs and finance leaders

As corporate directors shift their focus from detection and prevention to resilience, help lead "What do we do when it happens?" conversations in the boardroom while ensuring directors receive the cybersecurity data they request.

Evaluate the cost, coverage and value of cyber insurance policies as premiums continue to rise and coverage limits decrease.

Help CISOs and data privacy leaders link their activities to business objectives while determining the most cost-efficient approach to complying with a complex "quilt" of data privacy and security rules (while balancing those costs against the value derived from data the organization collects and uses).

Leverage ownership of part of the ESG agenda to help data privacy leaders frame their activities and investments in ways that extend beyond compliance to address social responsibility, customer expectations of the company's data usage, and digital ethics.

Ensure that procurement teams balance pricing priorities and data security diligence in their sourcing decisions.

Rank vendors according to different risk tiers (associated with varying levels of risk management scrutiny) to improve the efficacy and cost efficiency of third-party risk management programs.

As new cyber attack modes and targets continue to emerge and data-protection budgets come under scrutiny amid rising inflation and concerns about an economic slowdown, CFOs will continue to augment and fine tune their cybersecurity activities.

Reassessing finance technology, transformation and the advanced automation that powers it

The finance group's growing strategic contributions and the expansion of its purview to more "beyond finance" activities (e.g., ESG, talent management, supply chain risk management and cybersecurity) make it imperative for CFOs to commit to ongoing transformation and the implementation of advanced automation and technology tools that propel this journey. For CFOs and finance leaders, these tools rank among their top priorities. They include automation, a new addition to this year's study and an area that CFOs and finance leaders view with more urgency than do other finance professionals. They also include the use of blockchain technology, which jumped noticeably on our latest list of finance priorities.

Because this commitment is difficult to sustain, CFOs are reassessing what finance transformation requires and evaluating what enablers need to be in place to achieve those objectives.

Successful digital transformation goes well beyond implementing new technology. It also is about fundamentally reimagining how the organization leverages people, process and technology. Optimizing the data, predictive analytics and technology tools required to generate — and continually regenerate — forecasts, robust scenario plans, and effective stress tests requires a next-generation finance mindset along with investments in talent management.

When viewed and performed in a sufficiently comprehensive manner, digital transformation serves as the engine that drives long-term value creation and ongoing performance improvements. Leveraging automation, advanced analytics and emerging technologies is a vital component of the digital transformation effort. Leading CFOs recognize that delivering on the potential of digital technologies will require a significant investment in resources every step of the way, from planning through implementation and beyond, including organizational change management.

They also understand that digital transformation is not a destination, but rather a continuous journey, and that on this journey it's important to select the right initiatives to pursue. Timing is also a vital consideration. For example, with potential economic headwinds, should the organization accelerate or decelerate digital-related investments? Is there a cost to pausing or stopping investments, including cost to restart later?

71%

CFOs and VPs of finance who view automation as a top priority for the finance organization over the next 12 months, compared with 65% of other finance professionals.

Finally, CFOs should keep in mind that successful digital transformation requires a change in culture, one that fosters innovative solutions and fully optimized business processes, while maintaining rigorous controls to protect against operational, compliance and financial risks.

Key action items for CFOs and finance leaders

Frame finance transformation as a set of concrete strategic objectives and incorporate digital opportunities into the business plan to achieve those goals over the long term.

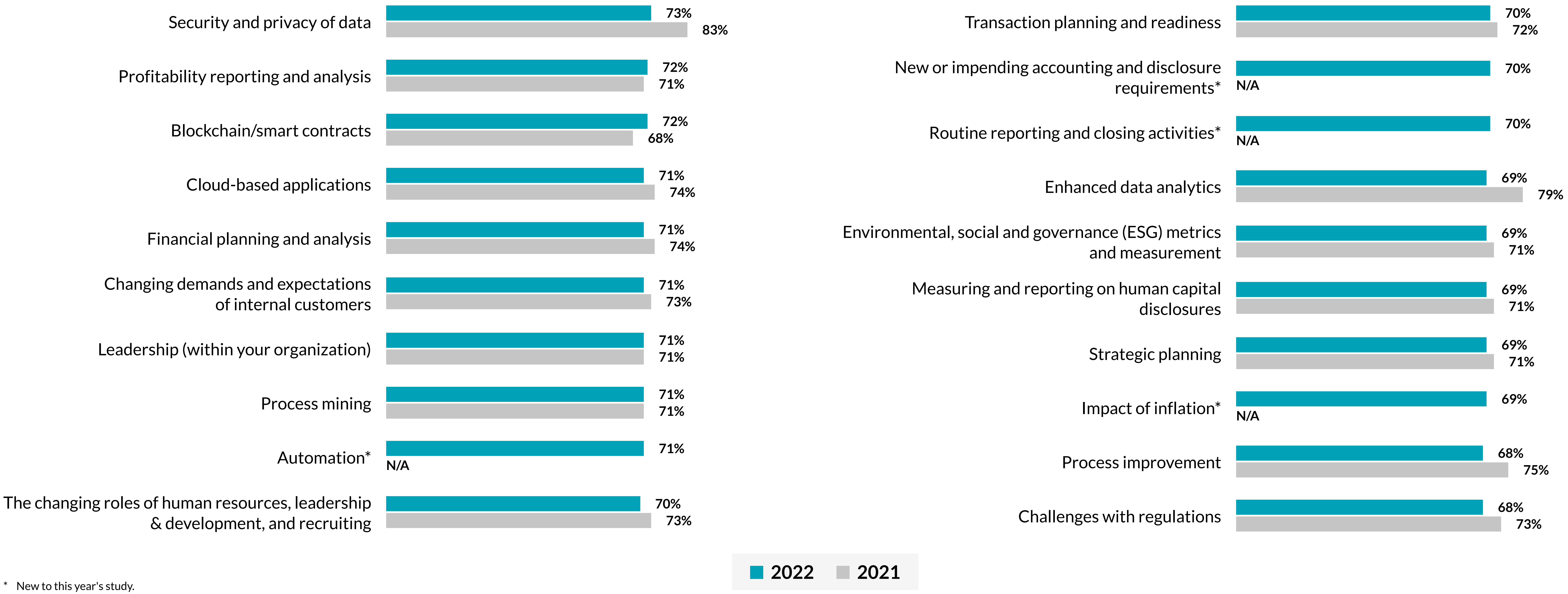
Identify which finance processes should be eliminated, added or redesigned prior to automating or digitizing them with the help of the best available systems and tools.

Continually monitor the financial and performance insights and analyses that internal business partners, executives and the board need.

Keep tabs on the digital maturity and expectations of shareholders, regulators, partners and other external stakeholders.

Top priorities (percentages of ratings with a score of 8-10) — CFO/VP Finance

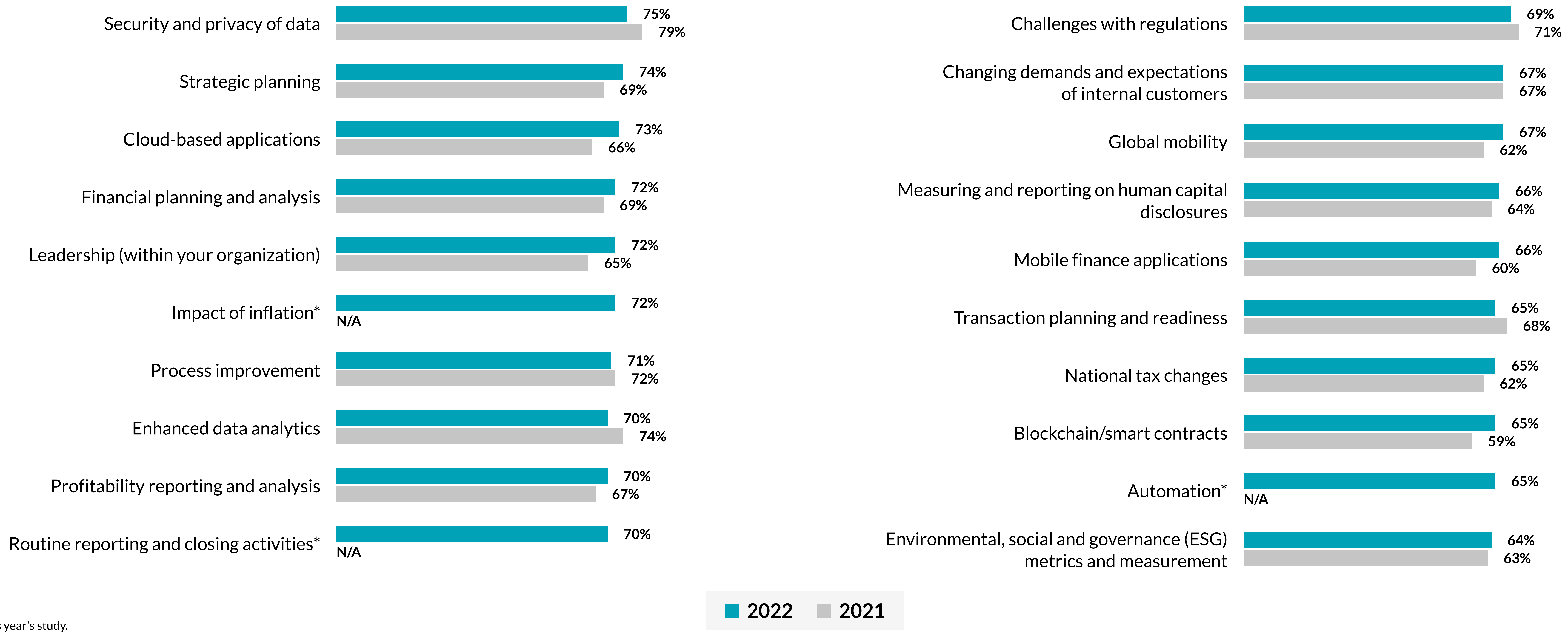
Respondents were asked to rate 25 different finance areas based on a 10-point scale, where “1” reflects the lowest priority and “10” reflects the highest priority for the finance organization to improve its knowledge and capabilities over the next 12 months. The top 20 are shown below.



* New to this year's study.

Top priorities (percentages of ratings with a score of 8-10) — non-CFO/VP Finance

Respondents were asked to rate 25 different finance areas based on a 10-point scale, where "1" reflects the lowest priority and "10" reflects the highest priority for the finance organization to improve its knowledge and capabilities over the next 12 months. The top 20 are shown below.



* New to this year's study.

Respondents were asked to select the one finance priority deemed to be most important for their organization to address over the next 12 months. Here is how they ranked.

Top 10 most important finance priorities for organizations to address over the next 12 months — CFO/VP Finance

1	Automation
2	Challenges with regulations
3	Financial planning and analysis
4	Cloud-based applications
5	Mobile finance applications
6	Process improvement
7	New or impending accounting and disclosure requirements
8	ESG metrics and measurement
9	Changing demands and expectations of internal customers
10	Blockchain/smart contracts

Top 10 most important finance priorities for organizations to address over the next 12 months — non-CFO/VP Finance

1	Financial planning and analysis
2	New or impending accounting and disclosure requirements
3	Automation
4	Process improvement
5	Blockchain/smart contracts
6	Impact of inflation
7	Cloud-based applications
8	Strategic planning
9	Changing demands and expectations of internal customers
10	Security and privacy of data

Orchestrating an enterprisewide response to inflation

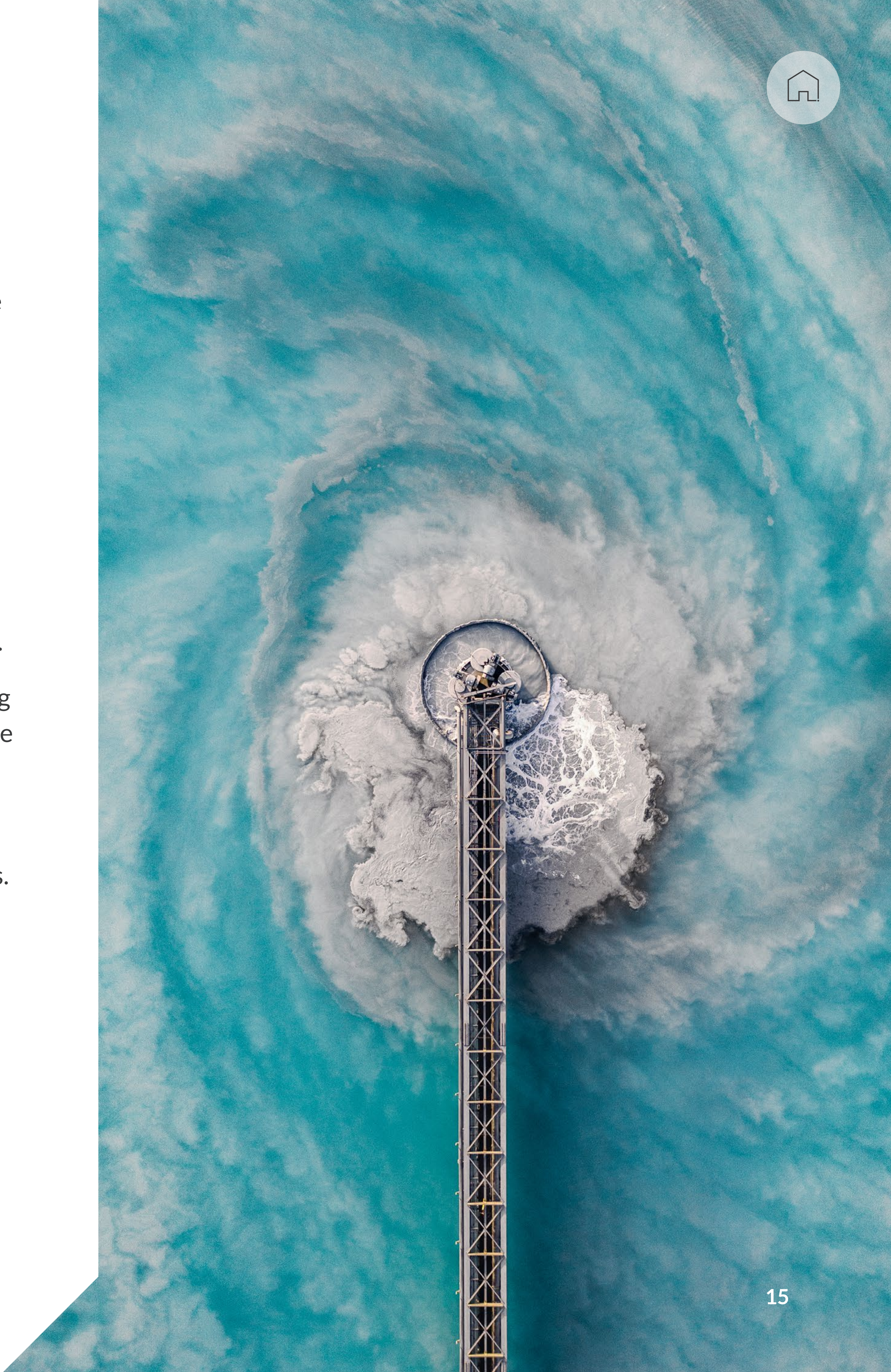
The intertwined challenges of rising prices and interest rates present an opportunity for CFOs to elevate scenario planning activities and other next-generation finance capabilities to orchestrate an enterprisewide response to a challenging undertaking with multiple moving pieces, risks and implications.

Passing higher costs to customers in the form of price increases might please shareholders, but it also might sow the seeds of customer dissatisfaction that could lead to profitability declines. Boosting compensation and bonuses to stave off competitors' attempts to swipe top talent may please employees while slimming profit margins and risking shareholder discontent. There also are limits to how far organizations can go with these steps. At the same time, there is the lingering threat of a recessionary cycle, at least within certain industry segments.

Fortunately, corporate finance groups have access to powerful systems and algorithms along with vast pools of data to sharpen the forecasts, analyses and scenario planning that undergird responses to rising prices and interest rates. The relationships CFOs have forged with business owners throughout the organization are another valuable arrow in their quiver. Treasury teams need access to accurate business forecasts to optimize cash investments and debt management as interest rates rise, unevenly, around the world. Accurate, real-time finance data also helps treasury leaders calculate the cost of holding onto cash, assess the risk of not having sufficient funding to achieve business objectives, and evaluate how results and ratios will impact the enterprise's cost of capital.

We see leading CFOs across all industries deploying their next-generation approaches and tools to address the following challenges:

- **Working capital management pressures:** High prices raise pressing questions concerning working capital related to inventory levels in the face of rising logistics costs, interest rate exposures, and optimal cash positions needed to support operations while taking advantage of discount opportunities given the deterioration in purchasing power.
- **Trading partners' credit risks:** Customers and suppliers also grapple with inflationary pressures and working capital management challenges, which can impede a customer's ability to pay and a supplier's ability to deliver.
- **Pricing strategy:** CFOs must walk a fine line in pinpointing the breaking point in price increases: When prices become too high, customers reduce purchasing activity, eating into profit margins. Finance leaders also help align sales management with pricing strategy and concessions while keeping the strategy current with changing inflation rates.
- **Procurement strategy:** Persistent inflation requires different approaches in negotiating pricing with suppliers. Proposed price increases should be traced back to specific inputs (including labor) and raw materials, product design should be evaluated to optimize cost builds, and price negotiation strategies should vary depending on whether long-term purchasing contracts are indexed to inflation.



Key action items for CFOs and finance leaders

Access ever-expanding collections of data sets from organizational partners, suppliers and customers to generate real-time insights on the availability and cost of raw materials, suppliers' pricing decisions, fluctuating logistics costs, labor costs, and more.

Leverage data and business indicators used in forecasting activities to fuel scenario planning and stress-testing (e.g., projecting customer breaking points where price increases reduce demand).

Identify which factors are most sensitive to inflationary pressures and then run those drivers through various scenarios to assess implications to the business plan and analyze mitigation options.

Maintain communications with accounts receivable teams and treasury partners. Sales and supply chain leaders and procurement groups also are crucial partners when it comes to optimizing sales and preserving margins.

Keep boards apprised of changing inflation-response plans; additionally, monitor and manage the investment community's appetite for this information (along with their often-exacting expectations).

Help finance managers simplify their forecasting process so that it presents a clear understanding of cash flow drivers while integrating information from supply chain, FP&A and other business stakeholder groups in a highly automated manner.

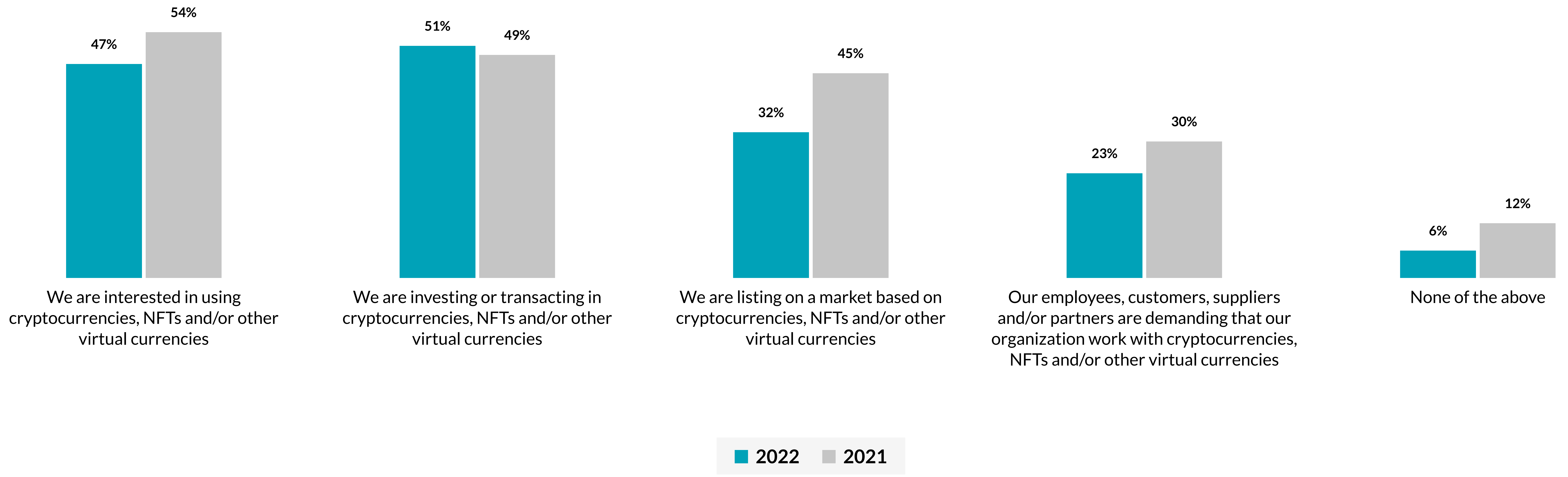
Equip treasury teams with accurate business plans and forecasts to use in liquidity forecasts; treasurers need to assess how much cash must be held in reserve to operate the business and execute business strategies in order to properly evaluate investment options.

Other notable observations

- It is not surprising to see waning interest in the use of and investment in cryptocurrencies and other virtual currencies, considering the volatility in those markets over the past year. Still, significant numbers of organizations are actively using virtual currencies, with a year-over-year increase shown in organizations investing or transacting in them.
- As they address effects or concerns related to inflation, finance functions within financial services organizations are more likely to be assessing needs for new skills and talent from both inside and outside the organization. Also, as expected, finance functions in retail organizations are far more likely to be focusing on inventory reductions in warehouses.

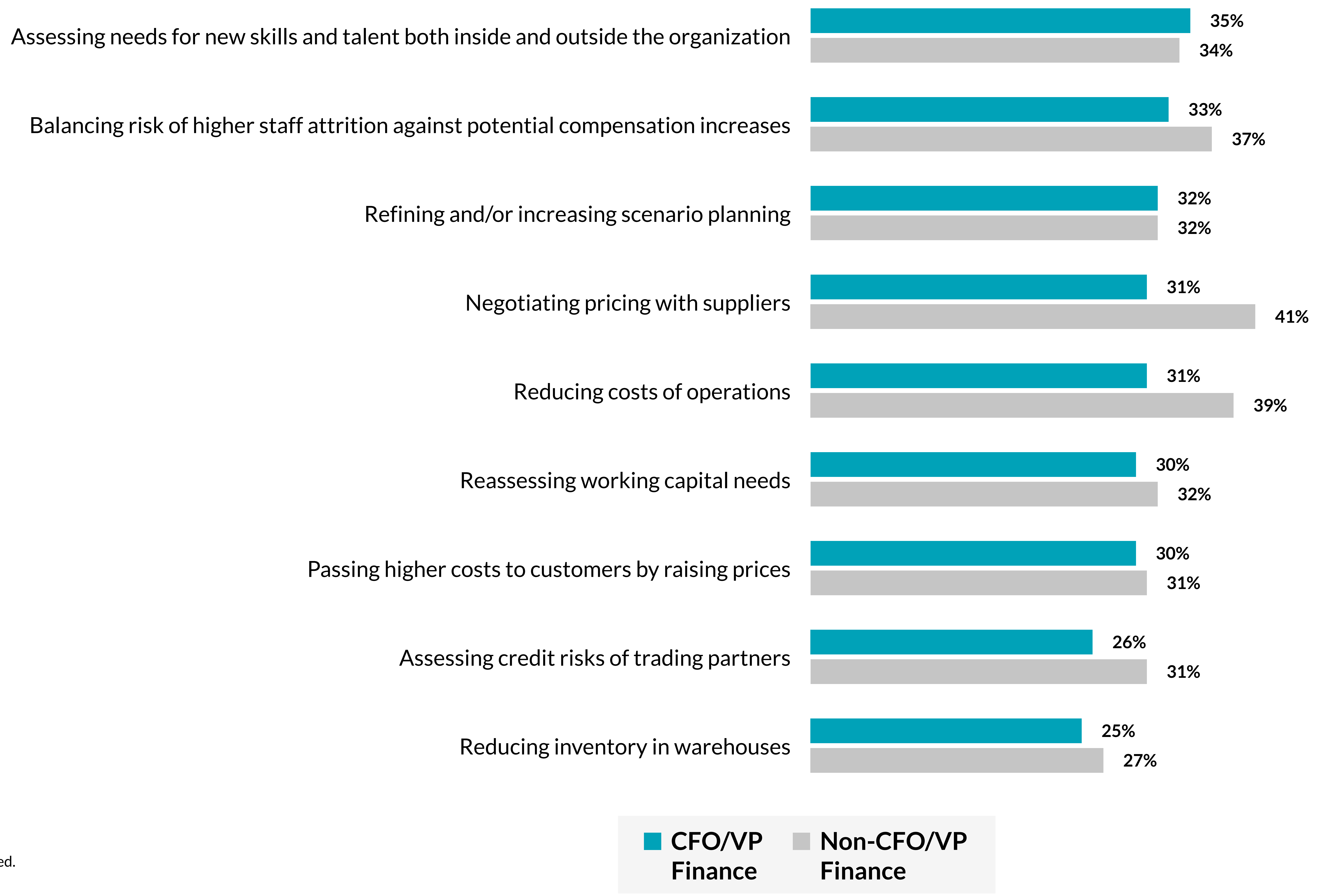
With regard to cryptocurrencies, non-fungible tokens (NFTs) and other virtual currencies, which of the following statements apply to your organization?*

(Shown: All responses)



* Multiple responses permitted.

Which of the following actions is your organization taking to address concerns or effects from inflationary trends in the market?*



* Multiple responses permitted.

Elevating ESG strategies and reporting

As companies continue to define and develop ESG and DEI operating and reporting strategies, a growing number of governments and regulatory authorities are putting forth requirements for ESG reporting by businesses.

Europe has led the way in promulgating ESG-related reporting requirements, but other jurisdictions are catching up quickly. And, regardless of regulatory requirements, companies are increasingly providing ESG disclosures and data in response to stakeholder inquiries and demands.

For example, in the United States, the SEC issued its long-anticipated proposed rules that would require reporting companies to enhance and standardize climate-related disclosures contained in registration statements and periodic reports, such as Form 10-K.[2] The proposal confirms the need for CFOs to take a prominent role in achieving, tracking, reporting and improving performance against their company's ESG goals while adding to a crowded collection of ESG reporting frameworks.

Given the multiplicity of frameworks and a lack of clarity regarding which are best suited for particular ESG reporting needs, CFOs are helping their organization choose the right framework while monitoring consolidation among the standard-setters as well as how competitors and other benchmark organizations are addressing the same challenge.

That's just one of numerous ways CFOs and finance organizations are strengthening their enterprise's ESG strategy, operations and reporting activities. Since nearly every C-suite and board of directors addresses ESG in some capacity during strategy and planning sessions, CFOs should find plenty of support and assistance as they:

- **Collect new ESG data while simultaneously fine-tuning the data-collection process:** Initial data gathering for climate disclosures and other new ESG reporting requirements necessarily involves scores of emails and a heavy reliance on spreadsheets as a summary tool. To avoid replaying this ad hoc data-gathering process every quarter, CFOs are identifying better processes and enabling tools as soon as possible. The purpose of these improvements is to ensure the accuracy, efficacy, consistency and efficiency of all ESG data gathering activities moving forward.
- **Leverage existing historical data:** Plenty of environmental and human capital data resides in past financial statements; finance teams are repurposing this data, when possible, to produce formal ESG metrics in line with standard reporting frameworks.
- **Help producers of climate data and other ESG measures embrace rigorous controls:** As finance teams obtain climate-related data from business colleagues and third parties, they should recognize that few, if any, of these partners are familiar with the exacting controls financial reporting requires. Most of these partners need to be schooled in producing ESG data of the same quality, and at the same cadence, as financial data.

75%

Organizations in which the finance team has taken on ESG risk and issues as part of its role.

[2] "SEC Issues Proposed Rules for Enhancement and Standardization of Climate-Related Disclosures," Protiviti, March 21, 2022: www.protiviti.com/US-en/insights/flash-report-032122-sec-issues-proposed-rules-climate-related-disclosures.

Key action items for CFOs and finance leaders

Recognize that ESG rules and requirements as well as stakeholder demands are in flux, thus expectations and needs in both operations and reporting may shift.

Prepare to be audited by ensuring the validity, accuracy and applicability of climate data; an auditor ultimately will need to confirm that the data is just as reliable as the financial data they're accustomed to reviewing.

Identify who (inside or outside the company) will be able to access and provide the necessary ESG data, some of which involves complicated calculations and the use of data from sources which are not familiar to the CFO, FP&A group and other financial reporting teams that will be responsible for the filings.

Expect all stakeholders — regulators, shareholders, investors, customers and employees — to intensify their reviews of corporate ESG reporting.

Involve the audit committee, internal audit and SEC counsel in the evolving climate reporting conversation during the planning phases so that resources and priorities can be aligned.

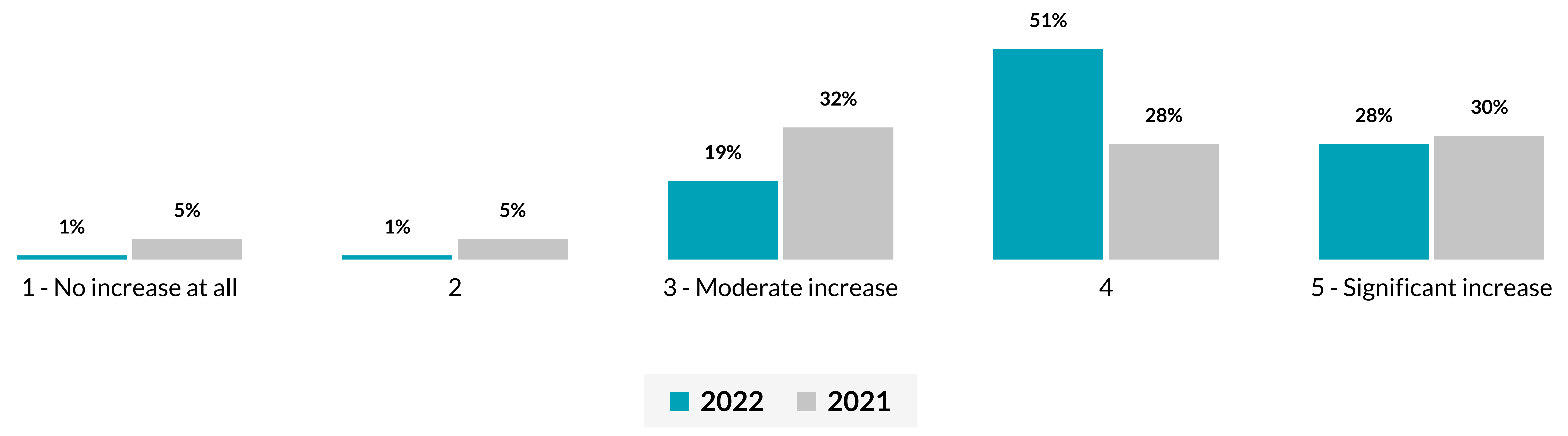
Assess the company's existing ESG reporting capability and skills against ESG objectives, and then identify where the partners in your professional services ecosystem can be complementary and fill in the gaps.

Other notable observations

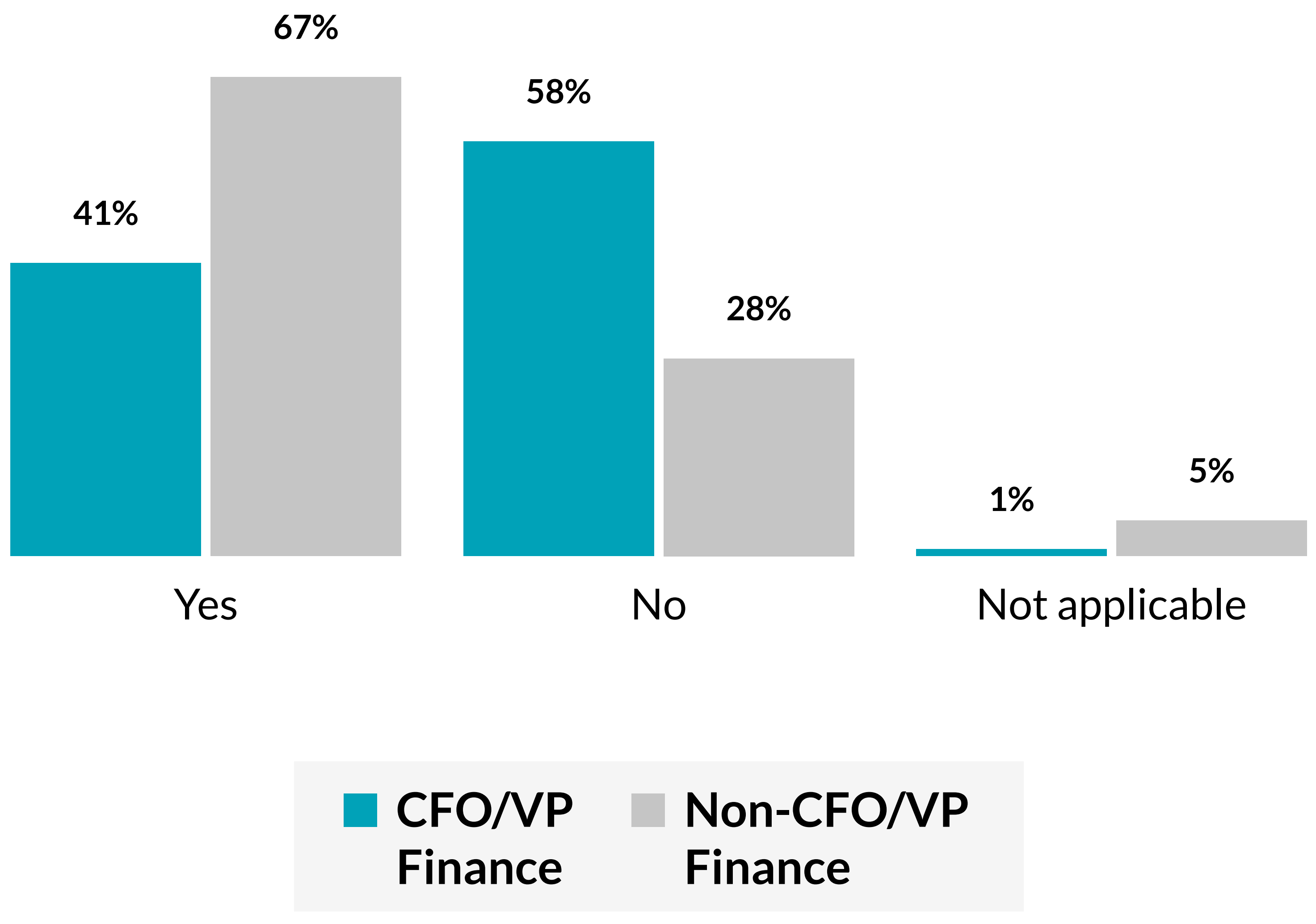
- Interestingly, CFOs and VPs of finance are significantly less likely to indicate their organizations are investing in new technology for measuring and reporting ESG risk issues compared with other finance leaders and managers. One possibility could be differing perspectives based on existing plans to acquire such technology once ESG reporting requirements become official. CFOs may not be considering these plans to be investments until that time.
- It's a bit unexpected to find that CFOs and finance professionals in privately held companies are more likely to rate ESG metrics and measurements as a high priority to address over the next 12 months compared with those from publicly held organizations. It's possible those in publicly listed companies have more of a head start in this area given different regulatory requirements with which they have complied in recent years. Absent required reporting, private company finance leaders are increasingly likely to be dealing with stakeholder demands for this data.
- Both privately held (86%) and publicly held (83%) organizations are very likely to have a formal and documented DEI program.
- Surprisingly, among organizations reporting that they are not ready for potential new ESG disclosures, privately held entities are more likely, compared with publicly held organizations in this group, to have assessed their readiness for potential new disclosure requirements.

To what extent, if at all, is your organization increasing the focus and frequency of its reporting related to environmental, social and governance (ESG) issues?

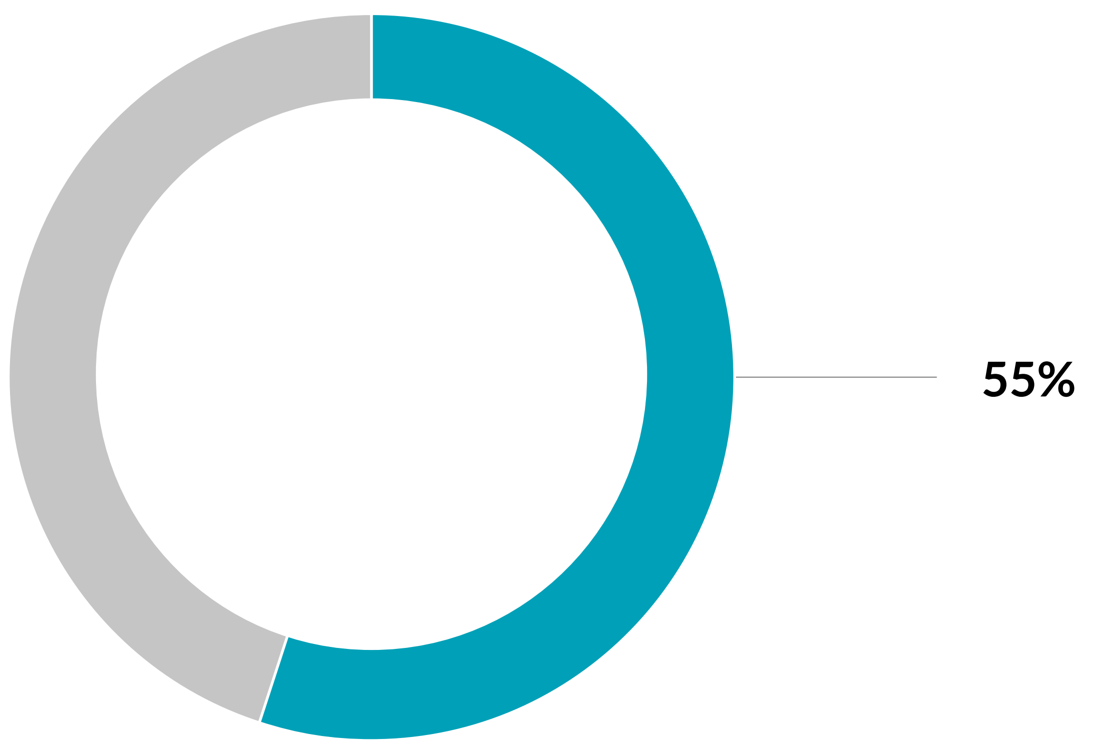
(Shown: CFO/VP Finance responses)



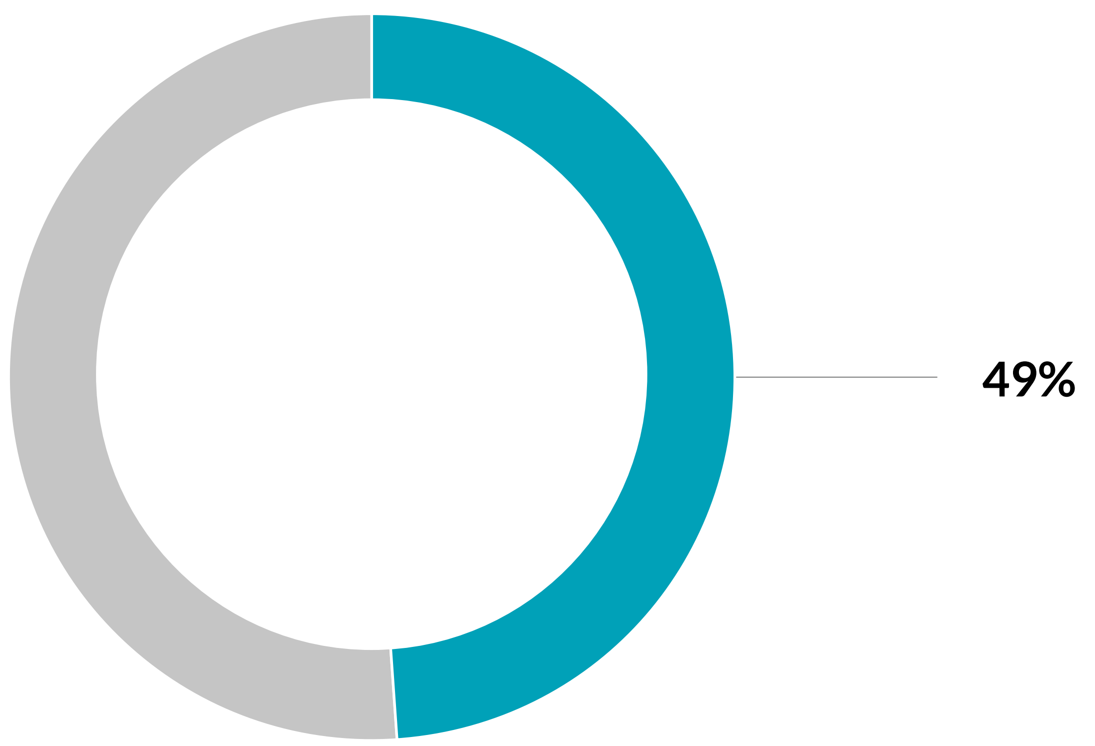
Is your organization investing in new technology to assist with measuring and reporting on ESG risks and issues?



Publicly held organizations
(Shown: "Yes" responses among all respondents)

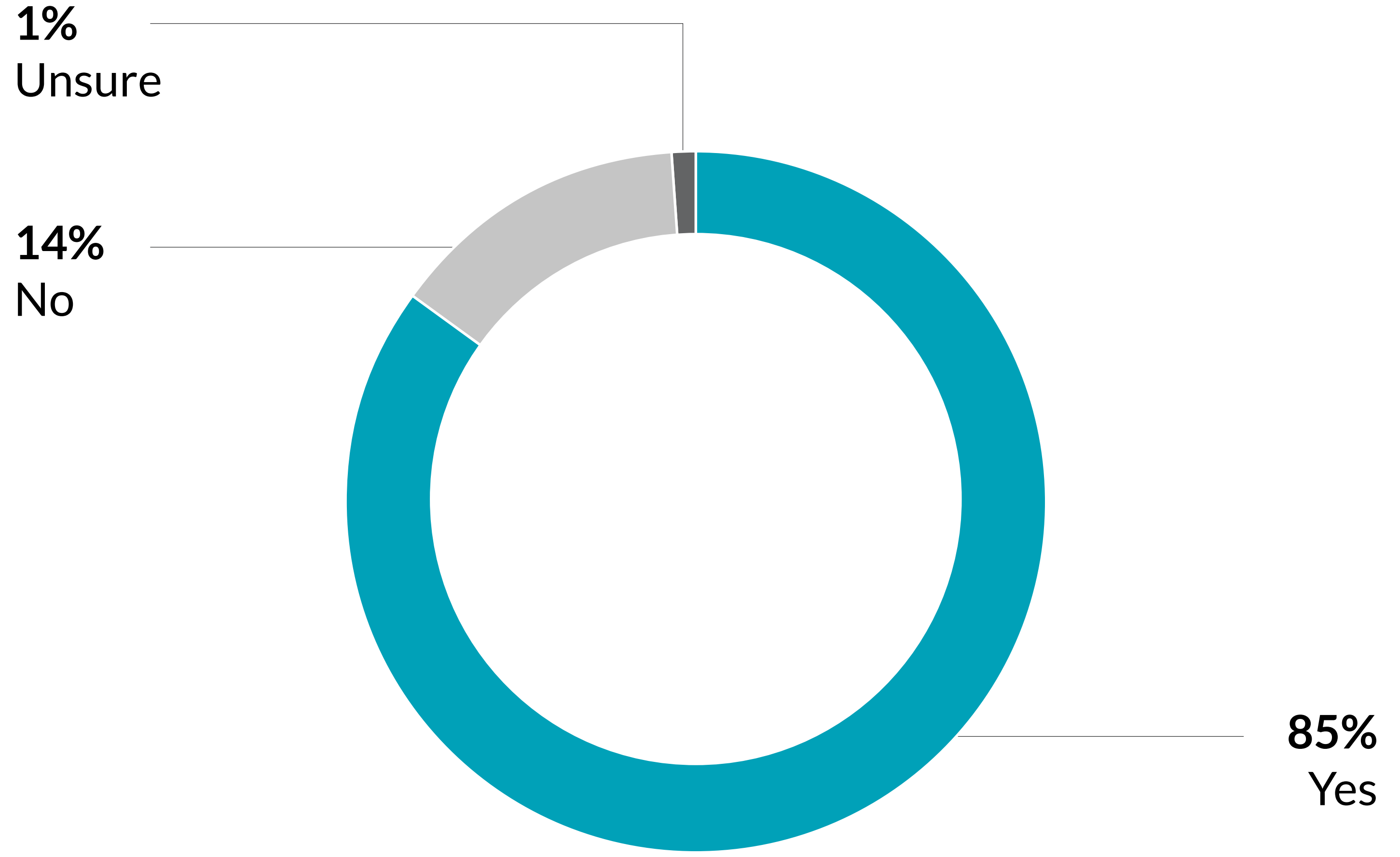


Privately held organizations
(Shown: "Yes" responses among all respondents)



Does your organization have a formal and documented diversity, equity and inclusion program?

(Shown: All responses)



Which of the following activities is your organization implementing with respect to its DEI program?*

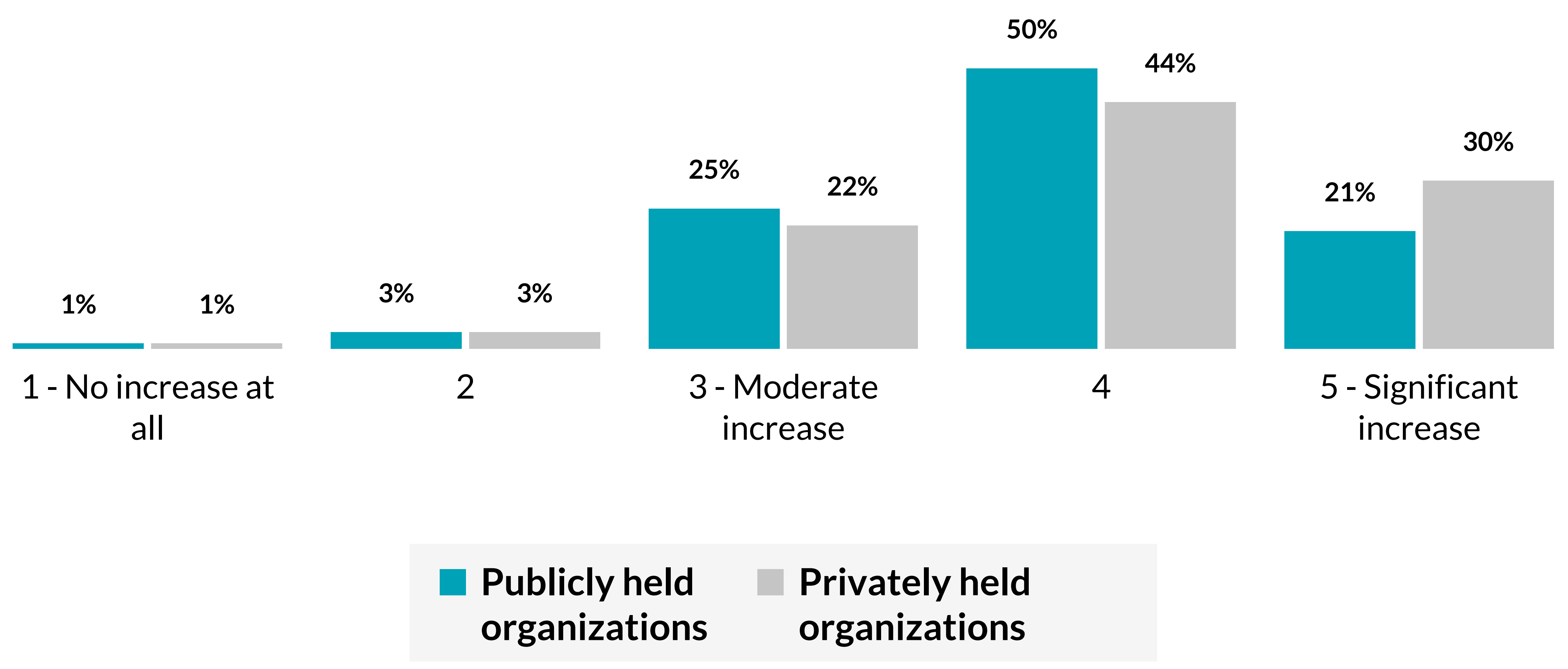
(Shown: Respondents whose organization has a formal and documented DEI program)

	Publicly held organizations	Privately held organizations
We are quantifying and tracking the value our DEI program is delivering for the business	49%	51%
We are implementing DEI development programs	48%	50%
We are capturing and monitoring internal data and metrics	39%	46%
We are leveraging employee networking groups	37%	45%

* Multiple responses permitted.

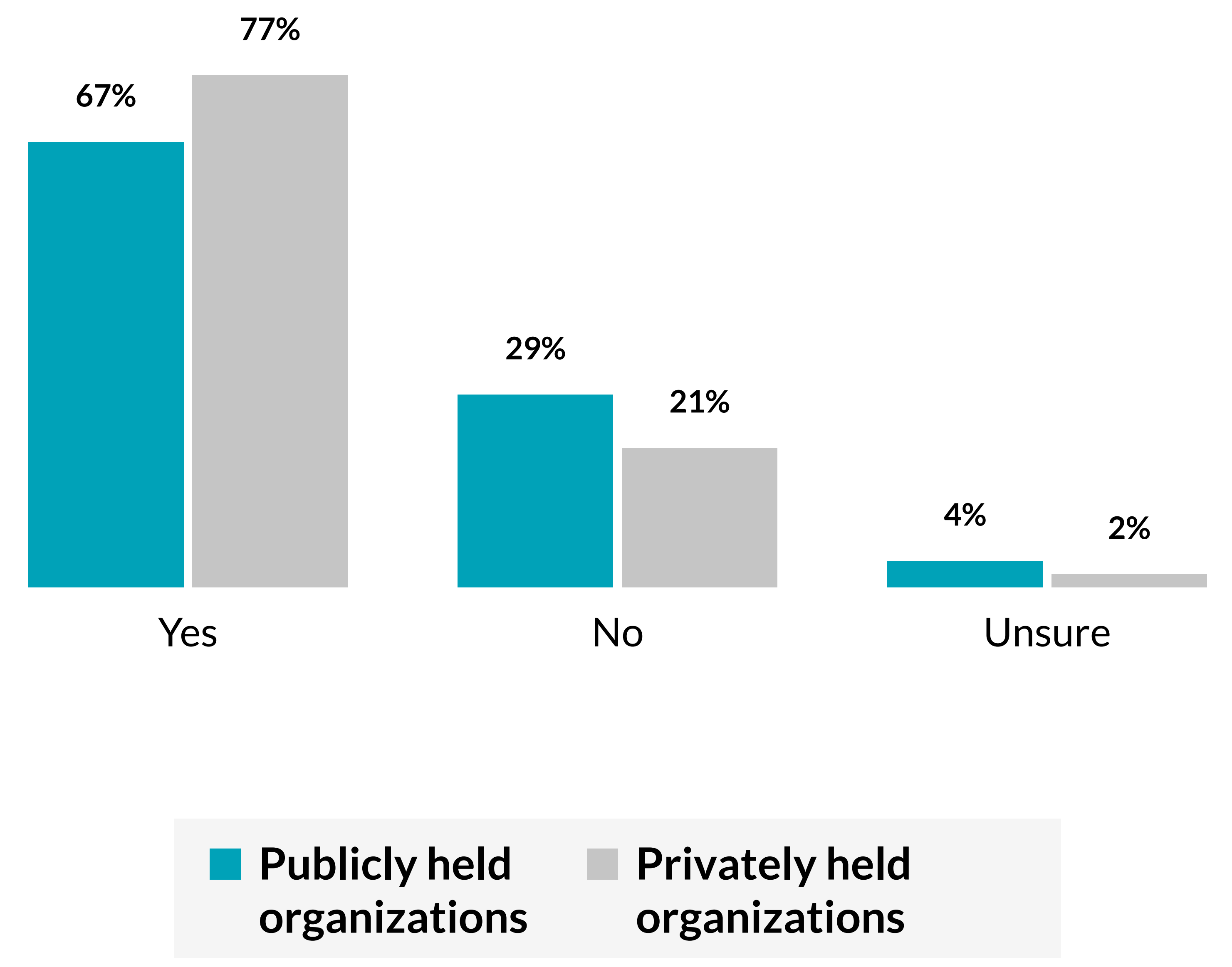
To what extent, if at all, is your organization increasing the focus and frequency of its reporting related to environmental, social, and governance (ESG) issues?

(Shown: All responses)



Has measuring/reporting on ESG risk and issues become part of your finance team's role in the last year?

(Shown: All responses)



How often does your organization currently report on ESG risks and issues, either through required public reporting or through voluntary reporting or disclosures?

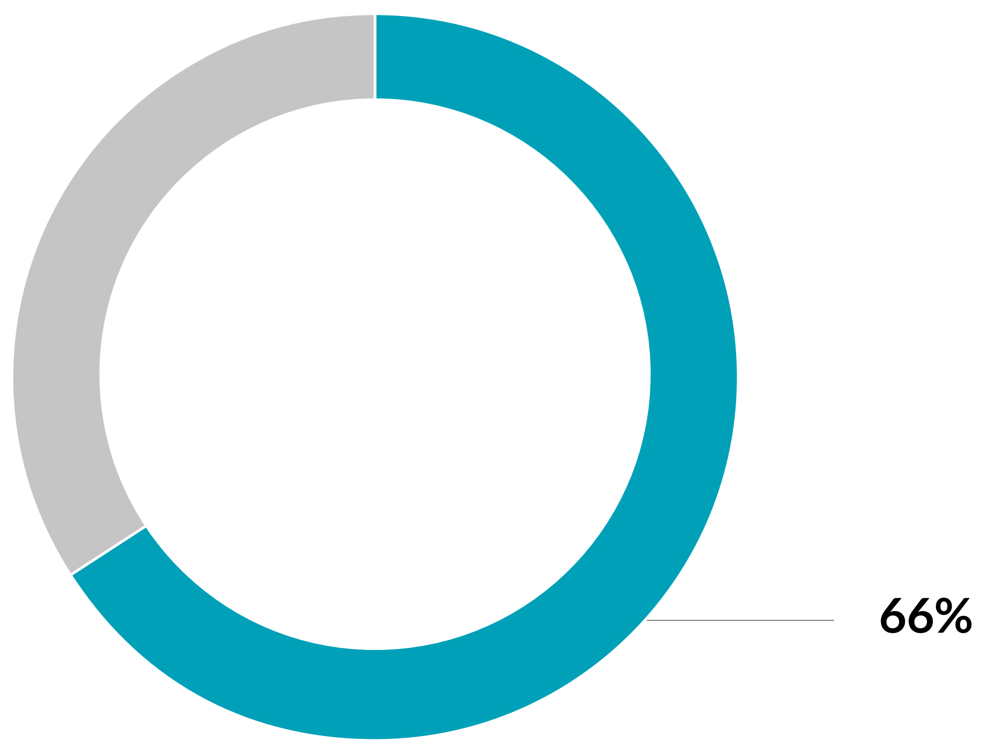
(Shown: All respondents)

	Publicly held organizations	Privately held organizations
More frequently than quarterly	11%	12%
Quarterly	43%	41%
Annually	25%	29%
Less frequently than annually	11%	9%
We do not currently report on ESG risks and issues, but we plan to begin doing so in the next 12 months	8%	7%
We do not currently report on ESG risks and issues, and we have no plans to do so in the future	1%	1%
Unsure	1%	1%

Are you ready for potential new required ESG disclosures?

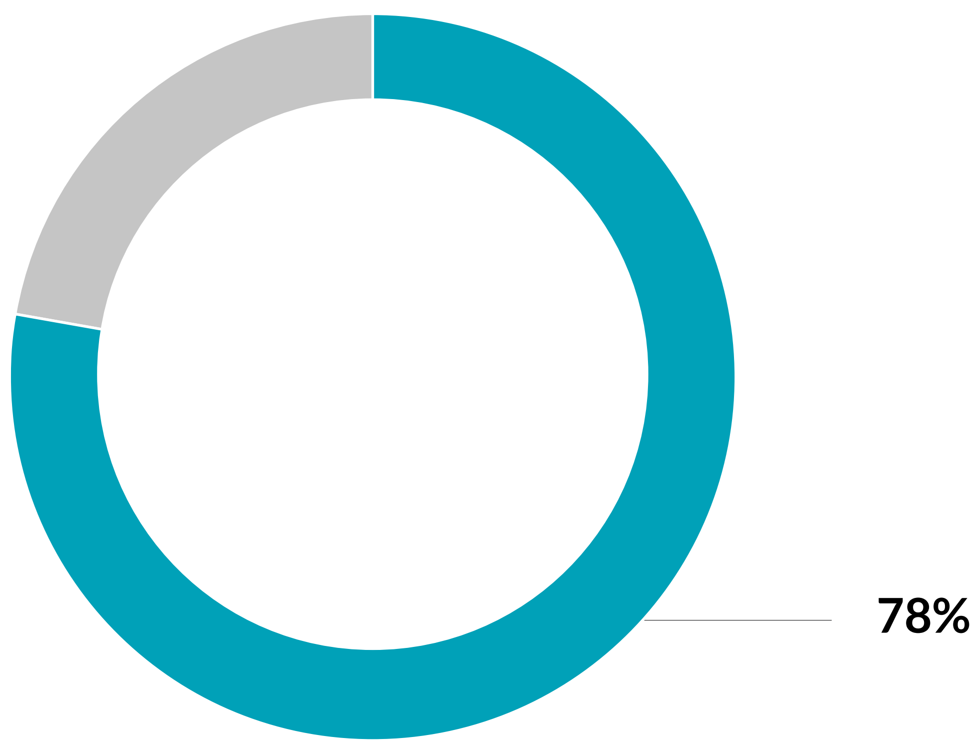
Publicly held organizations

(Shown: "Yes" responses among all respondents)



Privately held organizations

(Shown: "Yes" responses among all respondents)

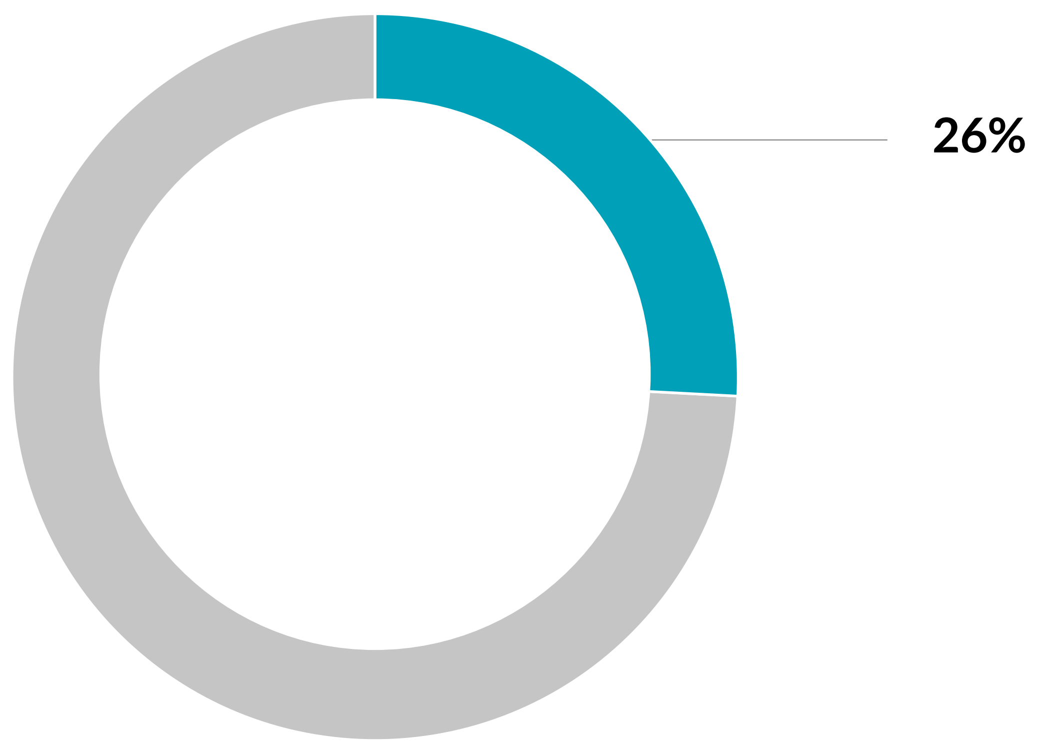


What does your organization require in order to be prepared for the new ESG disclosure requirements?*

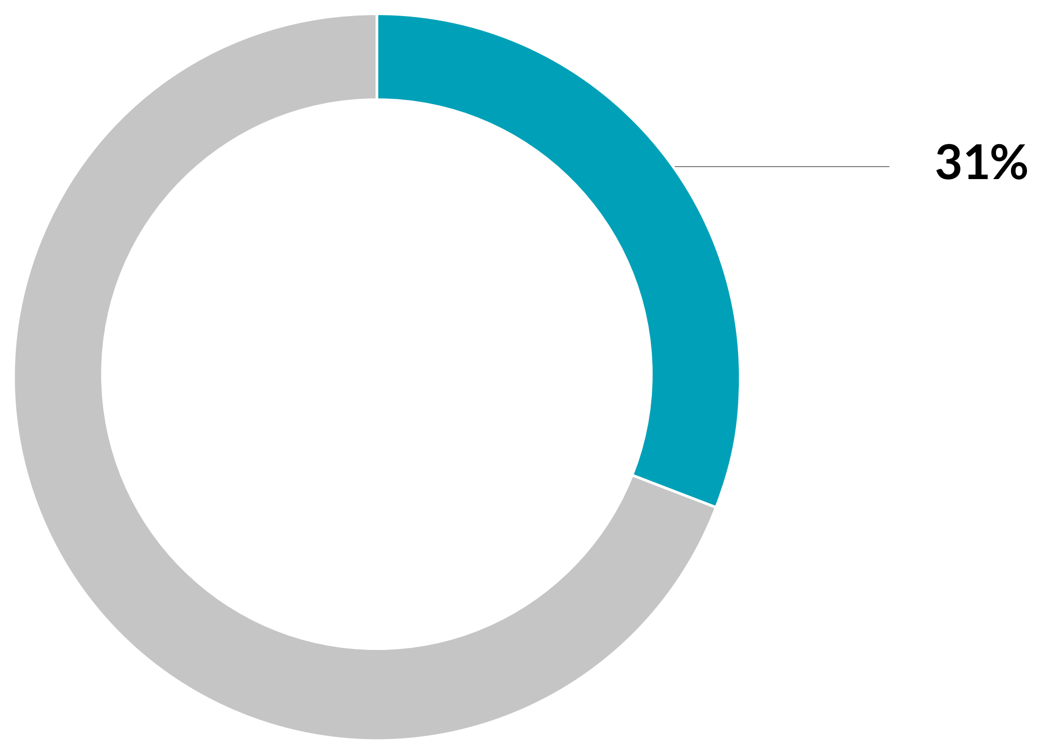
(Shown: Respondents whose organizations are not ready for potential new required ESG disclosures)

Have you assessed your readiness for potential new ESG disclosures for U.S. public companies?

Publicly held organizations
(Shown: "Yes" responses among all respondents)



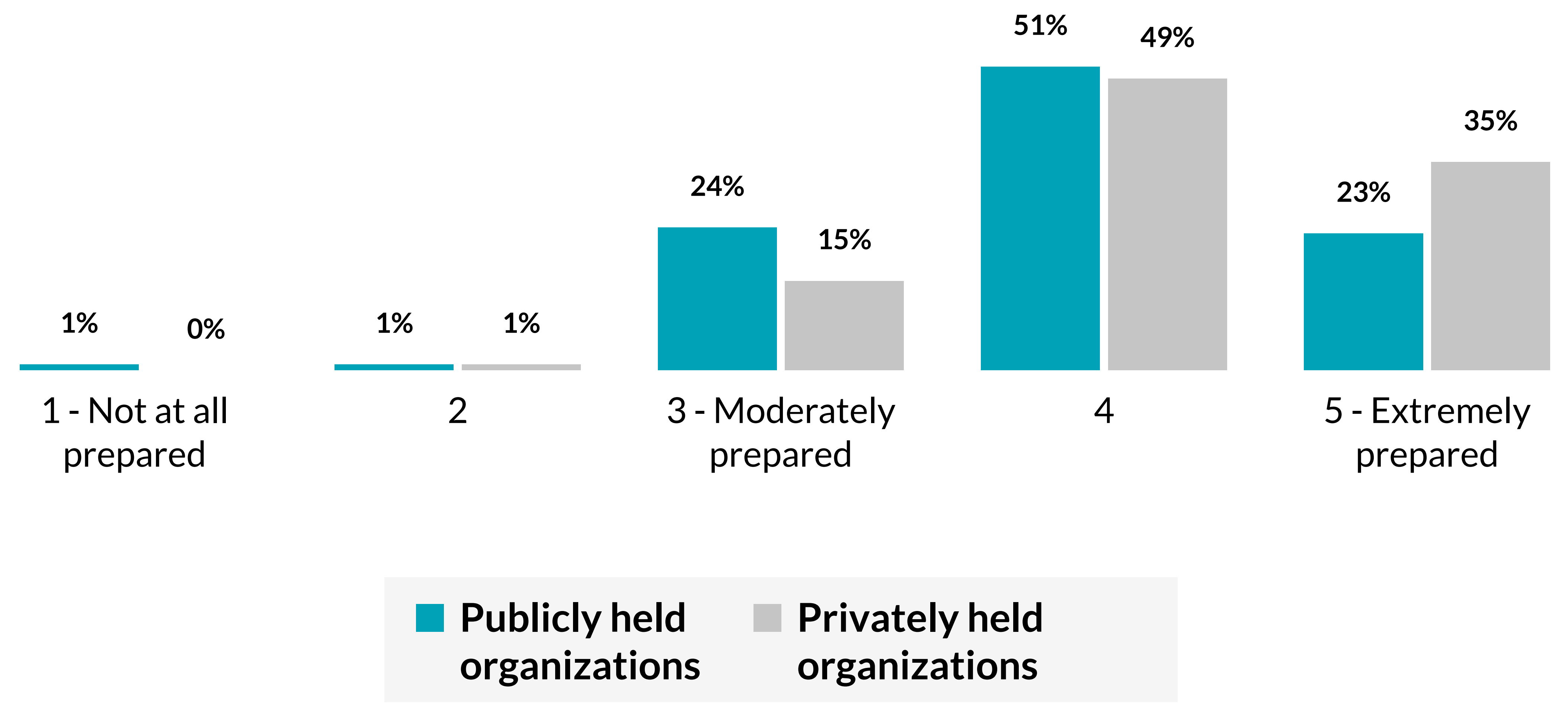
Privately held organizations
(Shown: "Yes" responses among all respondents)



* Multiple responses permitted.

What is your level of preparedness?

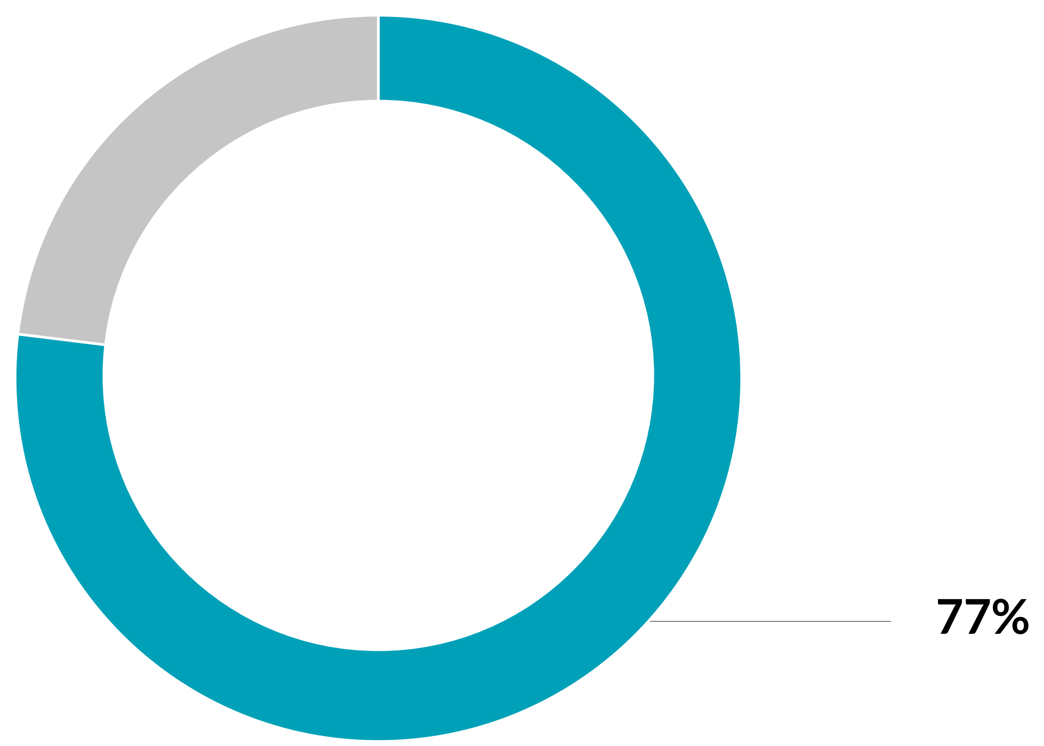
(Shown: Respondents whose organizations are ready for potential new required ESG disclosures)



Is your finance team involved in conversations with senior leadership/boards to develop ESG metrics against which your organization should track progress?

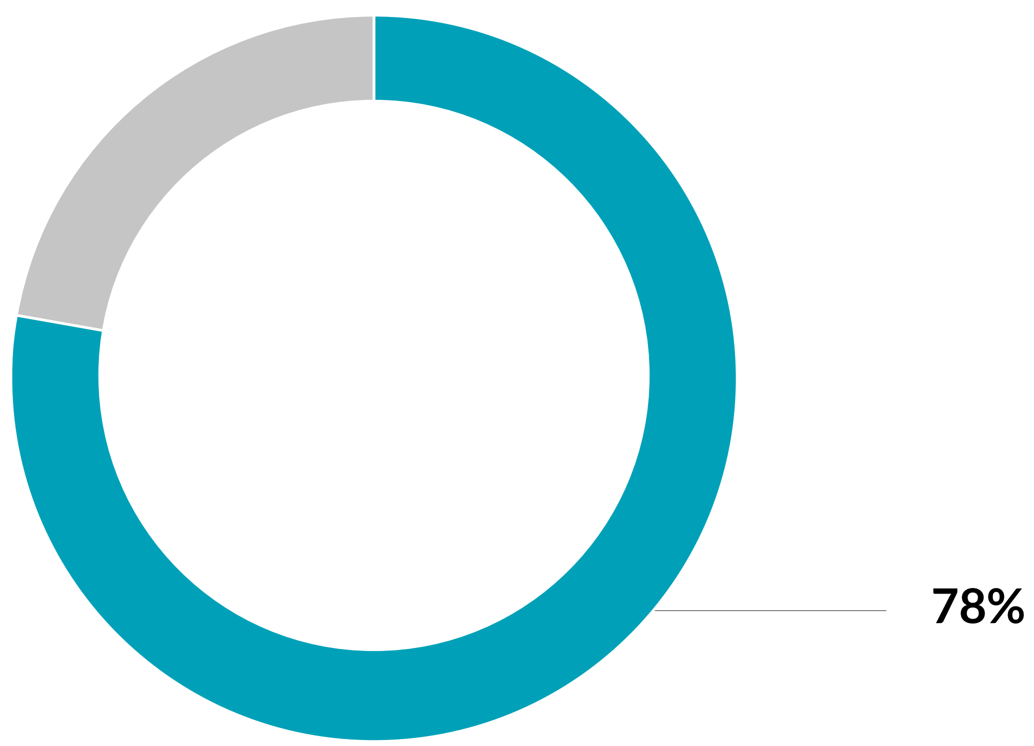
Publicly held organizations

(Shown: "Yes" responses among all respondents)



Privately held organizations

(Shown: "Yes" responses among all respondents)



Driving talent management transformation

As is the case with ESG programs and other traditionally “beyond finance” areas, enterprise talent management requires the CFO’s unique expertise, data-driven insights and risk management mindset.

The global pandemic only elevated the need for a well-defined talent management strategy, placing greater pressures on boards and leadership teams to invest in, and optimize, the employee experience.

Much of the success of an effective talent management process hinges on how well CFOs partner with their HR counterparts. CFOs need to determine headcount requirements to meet financial targets, while the HR function, in partnership with business leaders, determines what talent and/or upskilling programs (skills/experiences) are required to help meet business objectives.

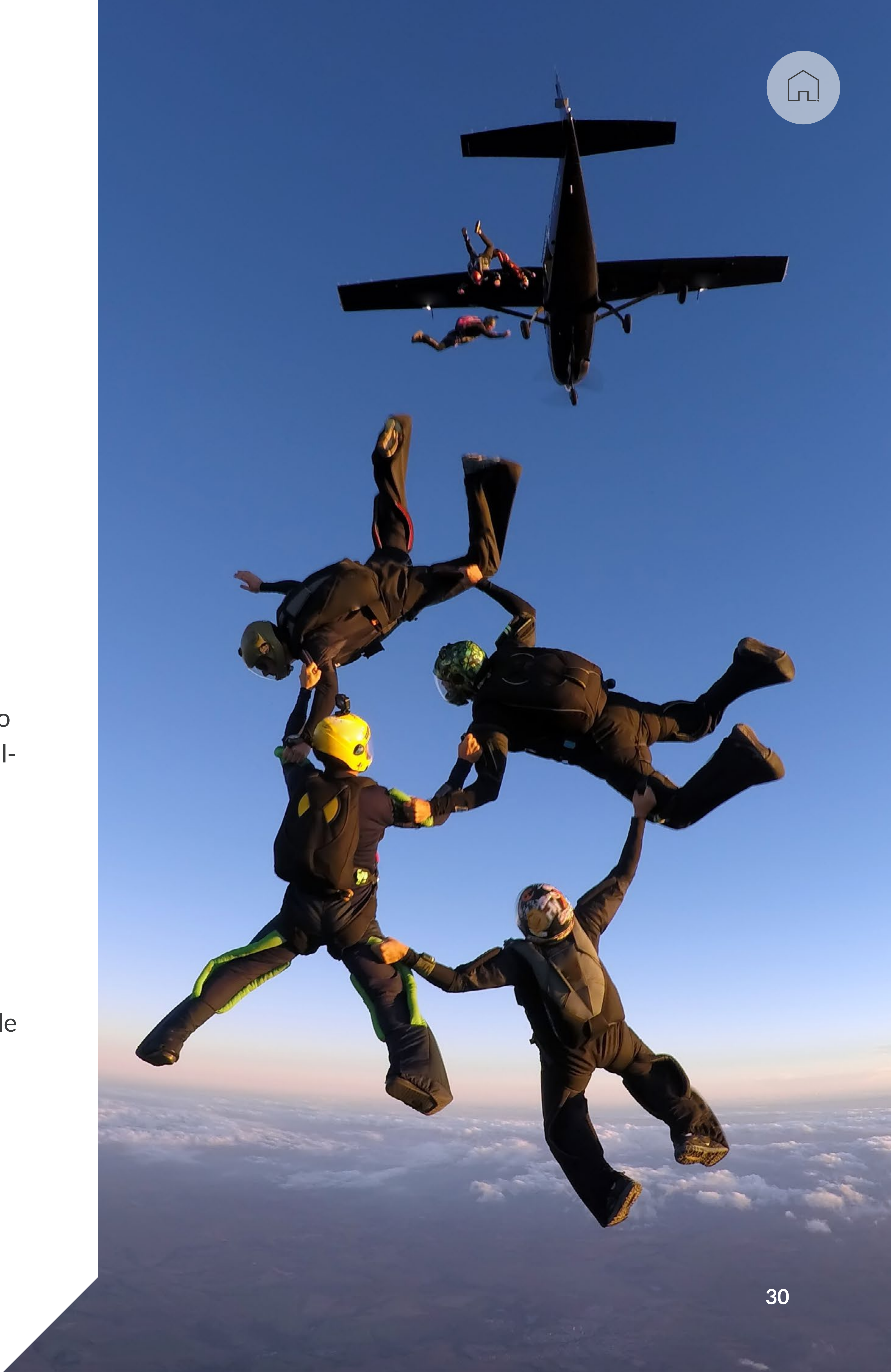
Managing and executing talent and business strategy in lockstep is the lodestar, calling for new approaches to talent assessments, board reporting, talent metrics and reskilling. This integration involves the deployment of an innovative labor model and sourcing strategies — something more organizations are pursuing, as indicated in our latest findings that show greater use of managed services providers and staff augmentation for certain finance activities. This work also dovetails with ongoing innovations and improvements related to the employee experience, organizational culture, leadership development, succession planning, and ESG and DEI programs.

CFOs are applying their attention and expertise to three talent management transformation areas, in particular:

1. **Repeatable talent planning:** Leading companies conduct quarterly assessments of their teams and compare those evaluations to the talent and skills needed to execute the business strategy. These talent inventories are then evaluated based on their alignment with longer-term business objectives (for example, the skills the company needs to achieve goals six, 12 and 24 months down the line). When gaps exist, CHROs, CFOs and other senior leaders develop strategies to eliminate them. CFOs also help CHROs distill these assessments into their board reports.

2. **New talent metrics:** Creating and sustaining alignment between talent and business strategy requires new metrics. CFOs and CHROs are developing new measures to identify skills at risk and upskilling opportunities, as well as a range of DEI and ESG metrics that are relevant to business objectives and the health of the culture (e.g., well-being indicators).

3. **New models for acquiring talent and skills:** The scarcity of in-demand talent — for example, to drive digital transformation and the use of emerging technologies — is likely to linger for years, even as unemployment rises in other talent domains. To expand the sources of labor available to them, more companies are instituting a flexible labor model consisting of a diverse talent pool of full-time employees, contract professionals, expert external consultants, and managed services and outsourcing providers. The value of this approach is evident inside companies that have been able to respond faster and



better to events such as COVID-driven temporary closures and staffing shortages, supply chain breakdowns, and other external disruptions. Now, leading organizations leverage contingent labor to achieve more strategic returns, including the development of new capabilities, rather than relegating contingent staff to discrete projects and largely task-based assignments. This trend is evident in this year's results, which indicate finance organizations are increasing their use of managed services providers to support areas including accounts payable, financial reporting and finance PMO activities.

Key action items for CFOs and finance leaders

Institute a flexible labor model consisting of a diverse talent pool of full-time employees, contract and temporary workers, expert external consultants, and managed services and outsourcing providers, while investing more thought and effort in integrating contingent workers into the organizational culture.

Recognize that fundamental leadership approaches are changing as nontraditional management competencies, such as empowerment and empathy, become more valuable (especially with regard to fostering employee resilience and flexibility).

Evaluate the ways in which ESG, DEI and well-being factor into higher returns on investments in the employee experience.

Reevaluate the value of physical office locations, a high cost in most operating budgets, by assessing the true value the office provides to the company, its employees and its customers.

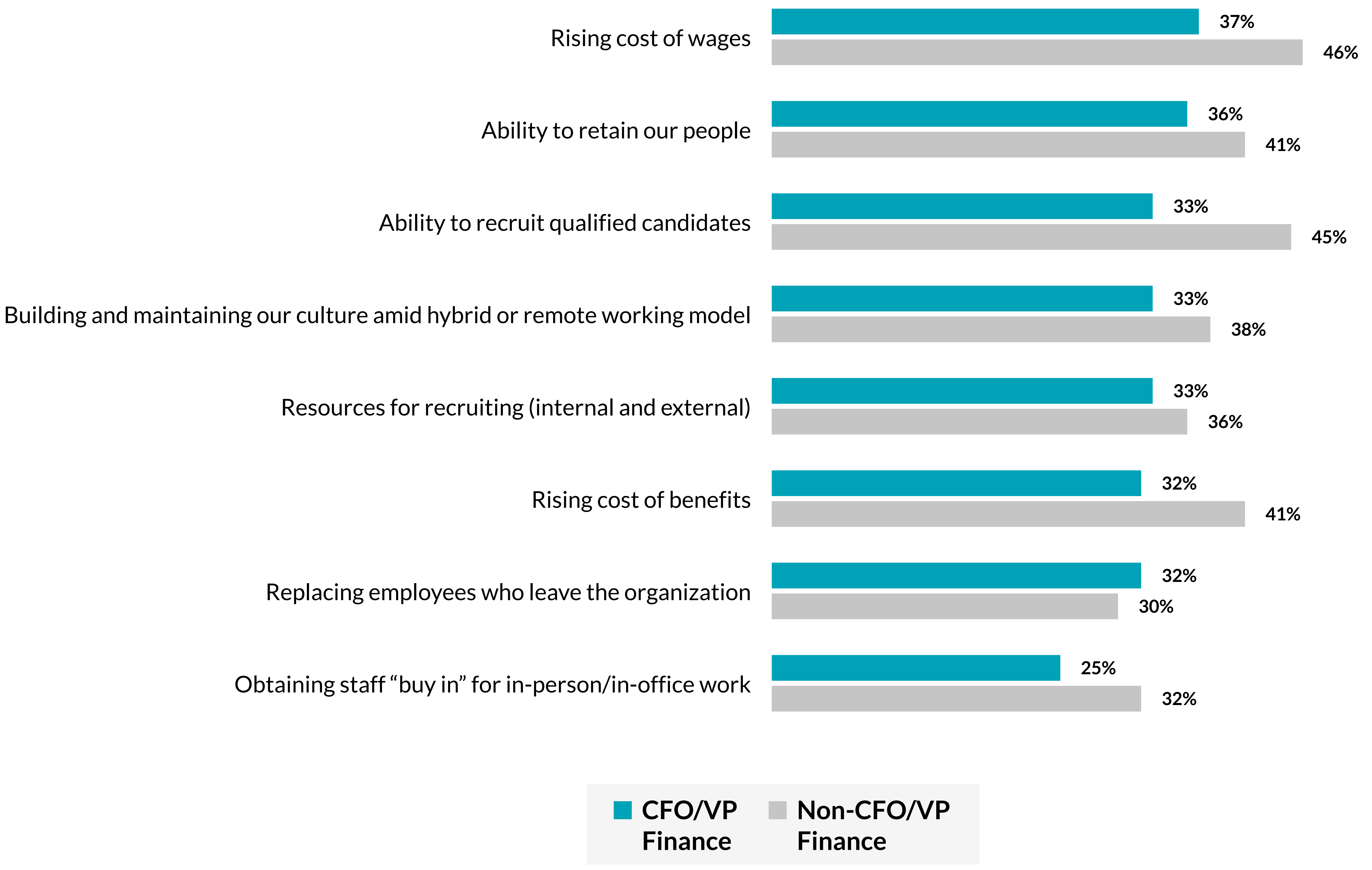
Seek ways to blend upskilling, reskilling and retention activities in the finance group.

For each of these key areas of the overall finance process, please indicate how it is primarily resourced/staffed in your organization:

(Shown: CFO/VP Finance responses)

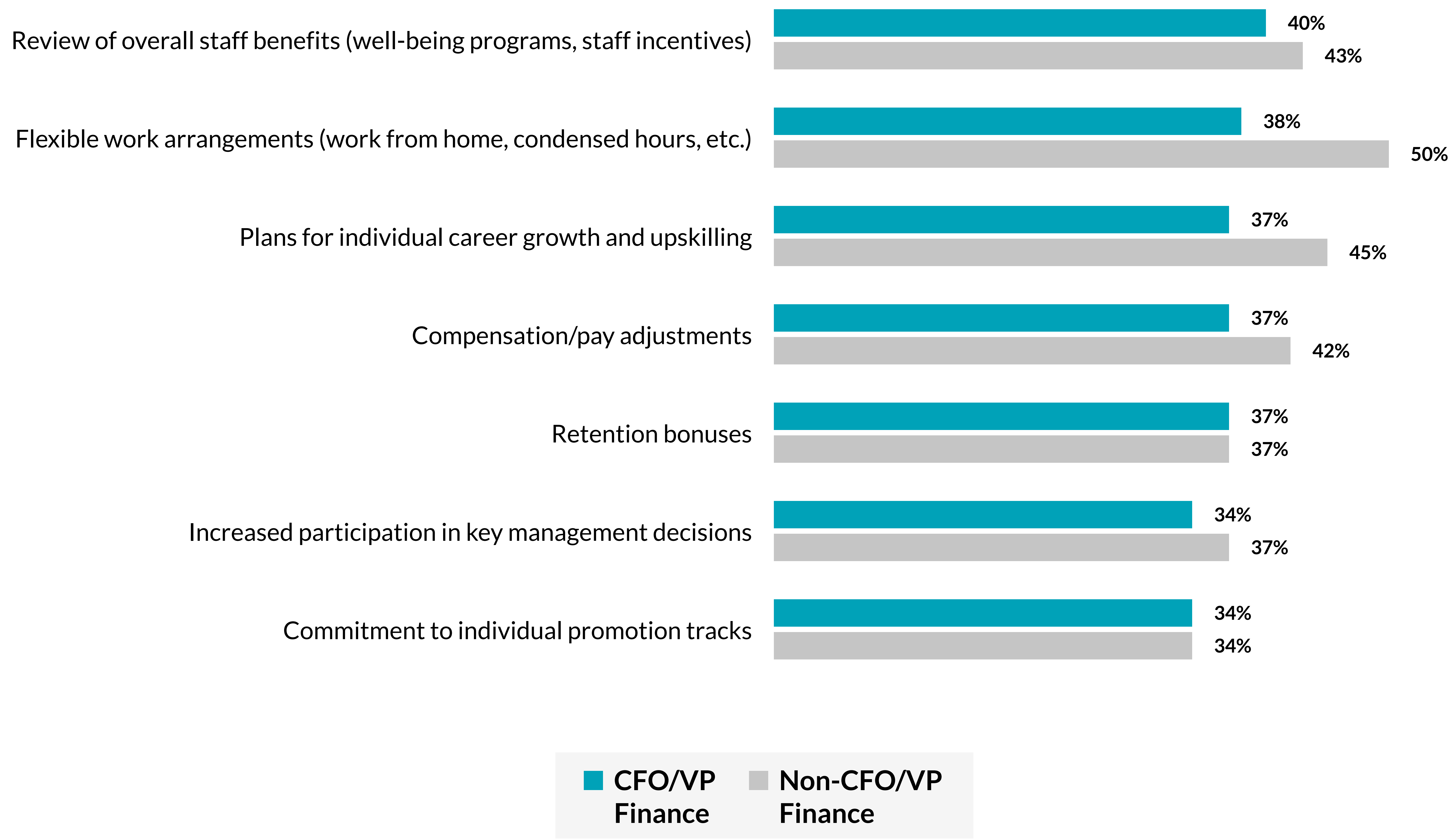
	Full-time employees		Staff augmentation (contractors, freelancers, etc.)		Managed services provider (blend of full-time staff, contract professionals and third-party experts)		Fully outsourced	
	2022	2021	2022	2021	2022	2021	2022	2021
Accounting Operations — Accounts Payable	58%	64%	27%	25%	13%	10%	2%	1%
Accounting Operations — General Ledger	48%	55%	35%	30%	13%	13%	3%	2%
Accounting Operations — Accounts Receivable	44%	54%	35%	23%	17%	20%	5%	3%
Financial Reporting	42%	55%	32%	23%	19%	17%	6%	5%
Financial Planning and Analysis	43%	54%	32%	24%	18%	18%	7%	4%
Tax	38%	43%	35%	30%	19%	20%	8%	7%
Risk Management	40%	49%	34%	25%	20%	21%	7%	5%
Strategic Finance (M&A)	39%	48%	34%	26%	21%	20%	6%	6%
Treasury	41%	53%	34%	27%	19%	15%	6%	5%
Finance PMO	38%	56%	34%	23%	22%	16%	6%	5%

Which of the following HR/people-related areas are concerns for the finance organization today?*



* Multiple responses permitted.

Which of the following tactics are you employing to increase staff retention in your finance organization?

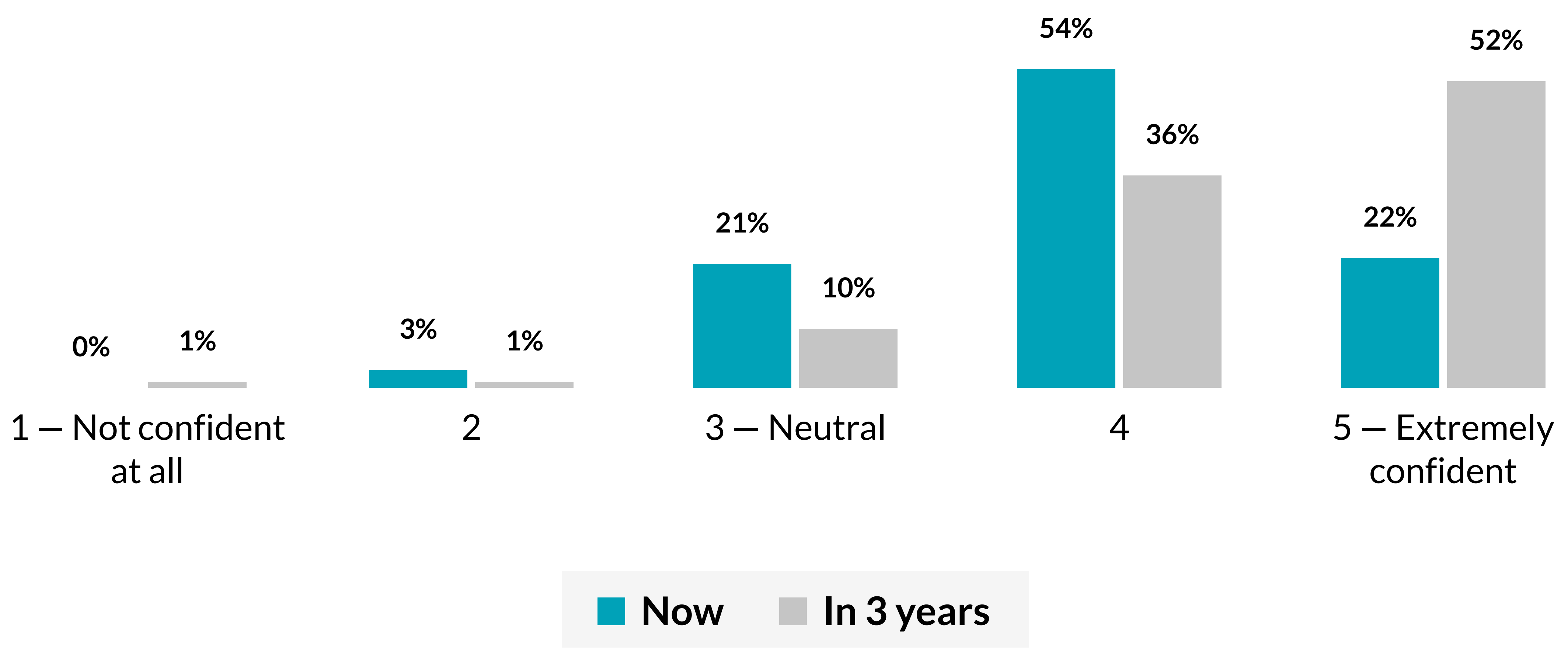


Other notable observations

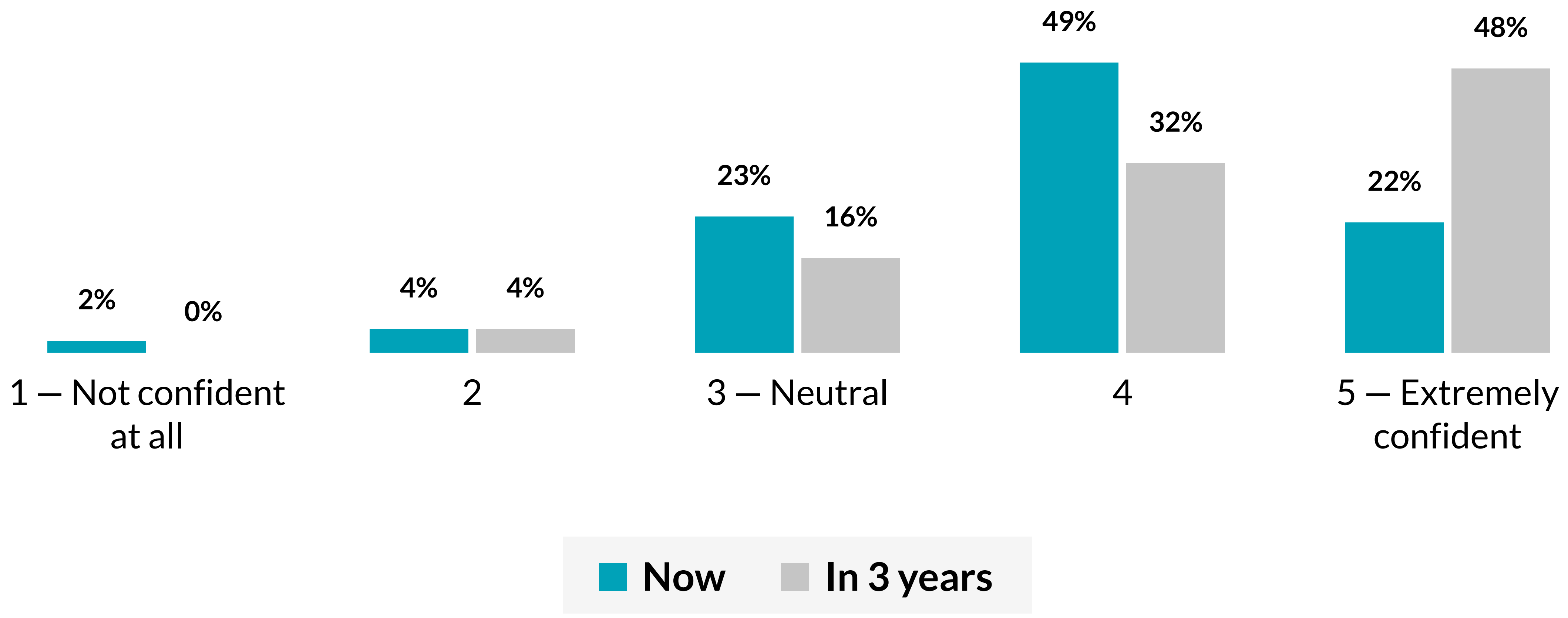
- CFOs and finance leaders have a high level of confidence that they have the right skills and numbers of people in their finance organization to meet business objectives both today and in the next three years. This is positive news but also somewhat surprising given the ongoing challenges to find and retain qualified talent. Based on other survey findings, it's possible these high confidence levels are arising, at least in part, from the ability to access resources from managed service providers and staff augmentation to support the finance organization.
- Among the strategies CFOs and finance leaders are employing to obtain needed talent and skills are increasing use of technologies and automation, upskilling and reskilling staff, implementing flexible work arrangements, and increasing use of managed services providers.

How confident are you that you have the right skills and the right numbers of people in your finance organization to meet your business objectives today and in the next three years?

(Shown: CFO/VP Finance responses)



(Shown: Non-CFO/VP Finance responses)



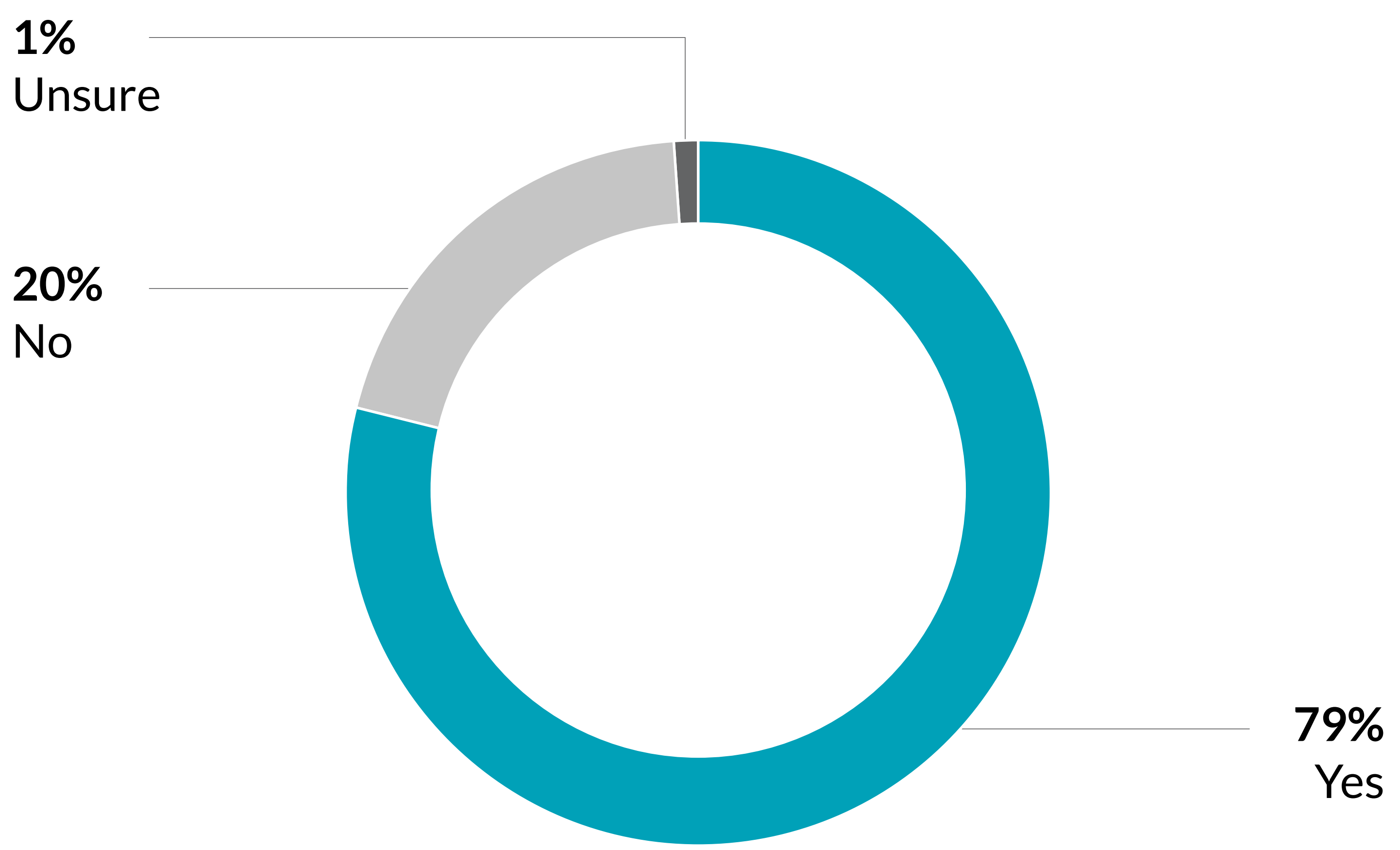
Overall, which of the following strategies is your finance organization employing to obtain needed talent and skills?*

(Shown: CFO/VP Finance responses)

We are researching, procuring and implementing technologies and automation to handle high-volume and repetitive tasks	46%
We are increasing internal programs to upskill/reskill our team	41%
We are increasing our overall recruitment strategy	40%
We are implementing flexible work arrangements or job share programs	40%
We are increasing our use of managed services providers	39%
We are increasing our use of contractors	34%

Does your finance organization have a formal and documented succession plan for key leaders and subject-matter experts?

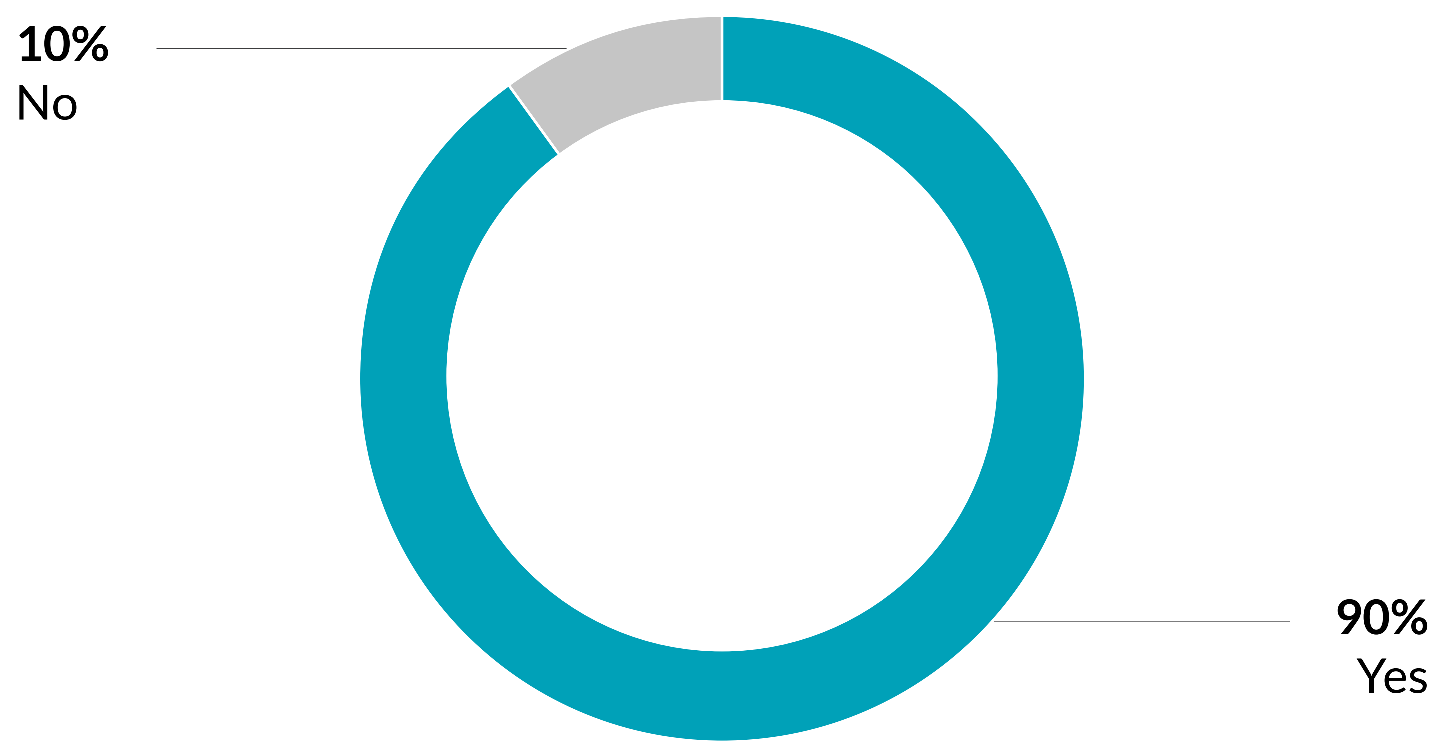
(Shown: CFO/VP Finance responses)



* Multiple responses permitted.

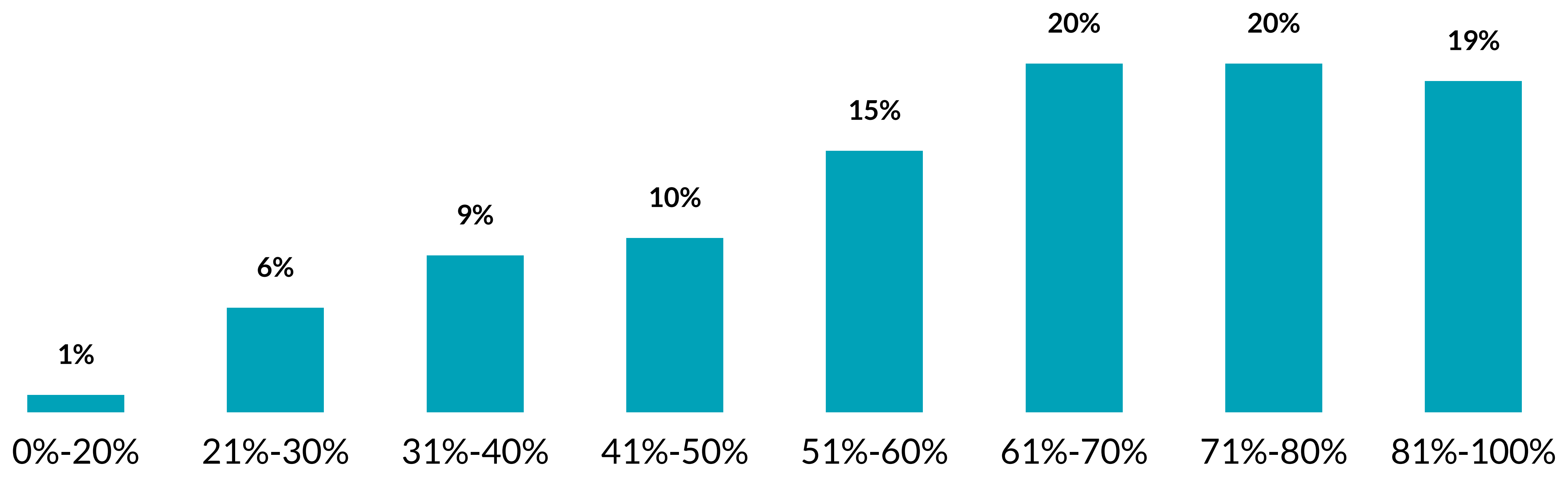
Does the finance organization's succession plan include formal development plans for potential successors?

(Shown: CFO/VP Finance respondents whose organization has a formal and documented succession plan for key leaders and subject-matter experts)



What percentage of your finance organization's team does your succession plan cover?

(Shown: CFO/VP Finance respondents whose organization has a formal and documented succession plan for key leaders and subject-matter experts)



Redesigning supply chains for resilience

Corporate boards, CEOs, CFOs and other stakeholders are realizing that they don't know what they don't know about their supply chains.

Lack of supply chain transparency poses a pervasive challenge to the board's strategic oversight and governance of supply chain risks, and it comes with a hefty price tag. A slew of major supply chain disruptions has triggered double-digit market share and stock valuation declines in many organizations while driving valuable customers to competitors. Both types of damage take years to overcome, as CFOs can attest.

More finance leaders realize that the increasing frequency of so-called once-in-a-generation disruptions has exposed the fragility of global supply chains. The underlying problem resides in the standard supply chain model, with its all-consuming and narrowly defined focus on cost/efficiency, to the exclusion of reliability, responsiveness and resilience. Trade wars, ongoing COVID-19 surges, Russia's war on Ukraine and other high-impact disruptions are forcing supply chain leaders, CFOs and other executives to pay more attention to the location of key suppliers, reliability of second- and third-tier suppliers, availability of qualified alternative sources of supply, how long suppliers can operate and meet obligations amid a catastrophic event, and how long their own organizations can operate amid prolonged supply chain disruptions. Each of these considerations is being viewed through a qualitative lens as well, with companies increasingly pressured to do business only with organizations aligned with their values.

Most approaches to supply chain risk management contrast with the way that other core business capabilities have transformed. Customer experience management, omnichannel selling and next-generation financial forecasting have leveraged innovations and technology to facilitate dramatic improvements and increases in shareholder value in recent years. The need to update supply chain risk management through similar approaches — for example, by leveraging blockchain technologies (which ranks among the top finance priorities this year) — now qualifies as an important priority for CFOs and finance leaders.

This work includes assessing the weaknesses of current supply chain models, putting in place the operational and strategic components of their new strategic oversight responsibilities, and understanding the enabling competencies present in organizations whose proactive supply chain risk management approaches have helped them achieve double-digit growth in market share and shareholder value.

40%

CFOs and finance leaders who are incorporating ESG into more sourcing decisions.

Key action items for CFOs and finance leaders

Be prepared to respond to questions from the board concerning the organization's alignment with values and its fundamental approach to supply chain risk management; expect these questions to cover reliability and responsiveness, how "total costs" are measured, whether risk management models hinge on "good days" of operation (versus high-risk potentialities), and whether risks are evaluated in a sufficiently expansive manner.

Collaborate with COOs and other supply chain leaders directly and frequently while striving to develop and sustain a unified approach to supply chain risk management.

In addition to partnering with the COO, work with legal, compliance, sourcing, customer management and credit management, among other groups, to identify supply risk triggers throughout the organization.

Look beyond traditional cost calculations by evaluating and monitoring supply chain reliability and responsiveness.

Identify and measure supply chain risks across all operations and regions, as well as across different time dimensions; focus not only on current risks but also those likely to pose challenges to short-term and long-term operations based on the organization's strategic trajectories.

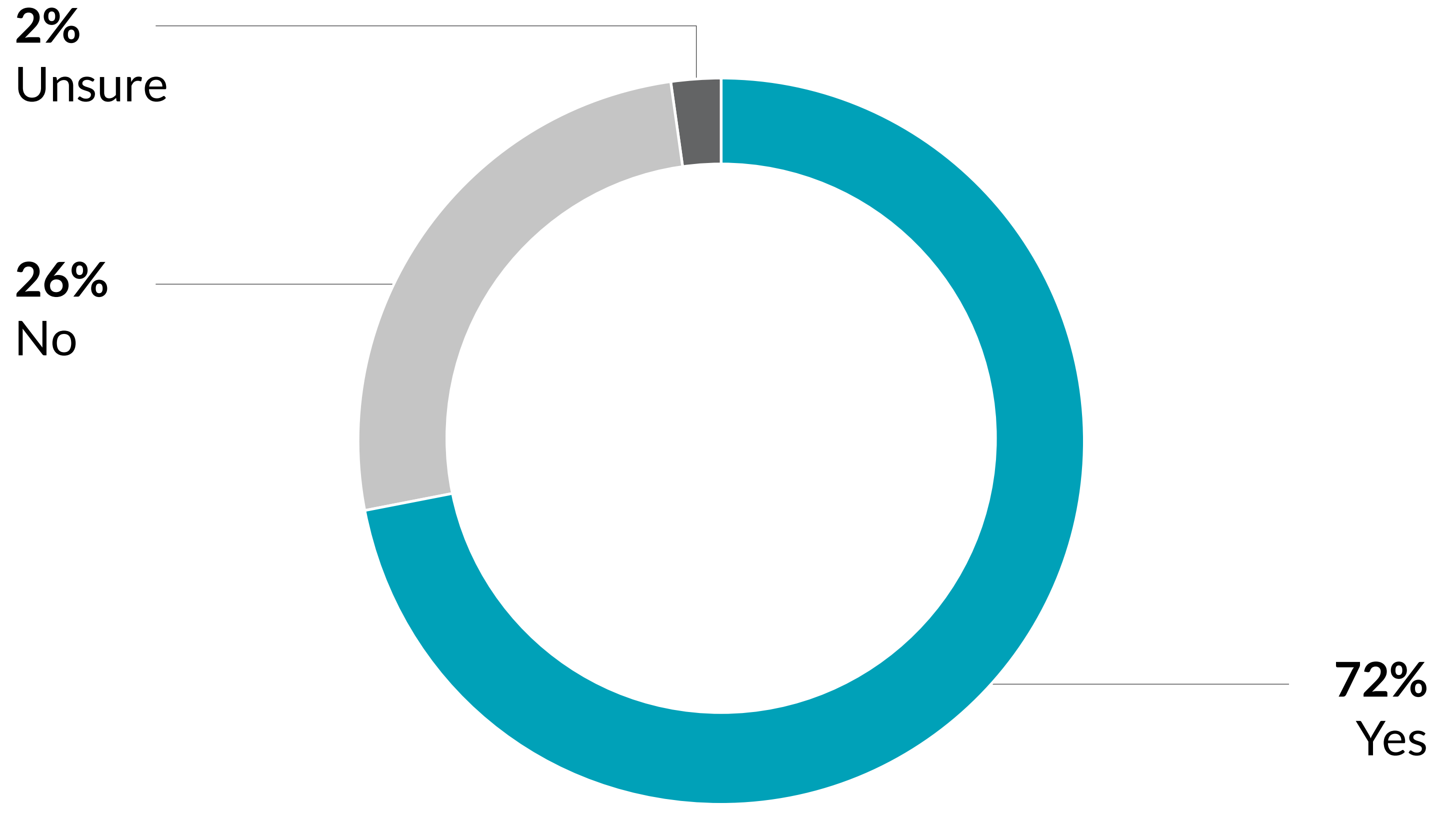
Consider opportunities to diversify the enterprise's portfolio of suppliers, production locations and distribution channels.

Other notable observations

- A majority of organizations whose finance operations experienced disruptions or delays due to supply chain- and inflation-related issues engaged a managed services provider or business outsourcing firm to address the resulting challenges.
- In the wake of supply chain crunches experienced over the past several years, 45% of CFOs and finance leaders report that their organizations are moving away from efficient supply chain models (e.g., low-cost, just-in-time) to revenue assurance models that emphasize flexibility and resilience.
- Four in 10 organizations are now incorporating ESG into more sourcing decisions.
- Disruptions and delays resulting from supply chain challenges, pandemic-related impacts and other events have affected finance organizations in all industries – most notably healthcare, consumer packaged goods, and oil and gas.
- In light of current occurrences around trade barriers:
  - Organizations in healthcare, oil and gas, and retail are more likely to be moving away from efficient supply chain models to revenue assurance models.
  - Financial services and manufacturing organizations are more likely to be incorporating ESG into more sourcing decisions.
  - Consumer packaged goods and manufacturing organizations are more likely to be producing and sourcing more materials and products locally.

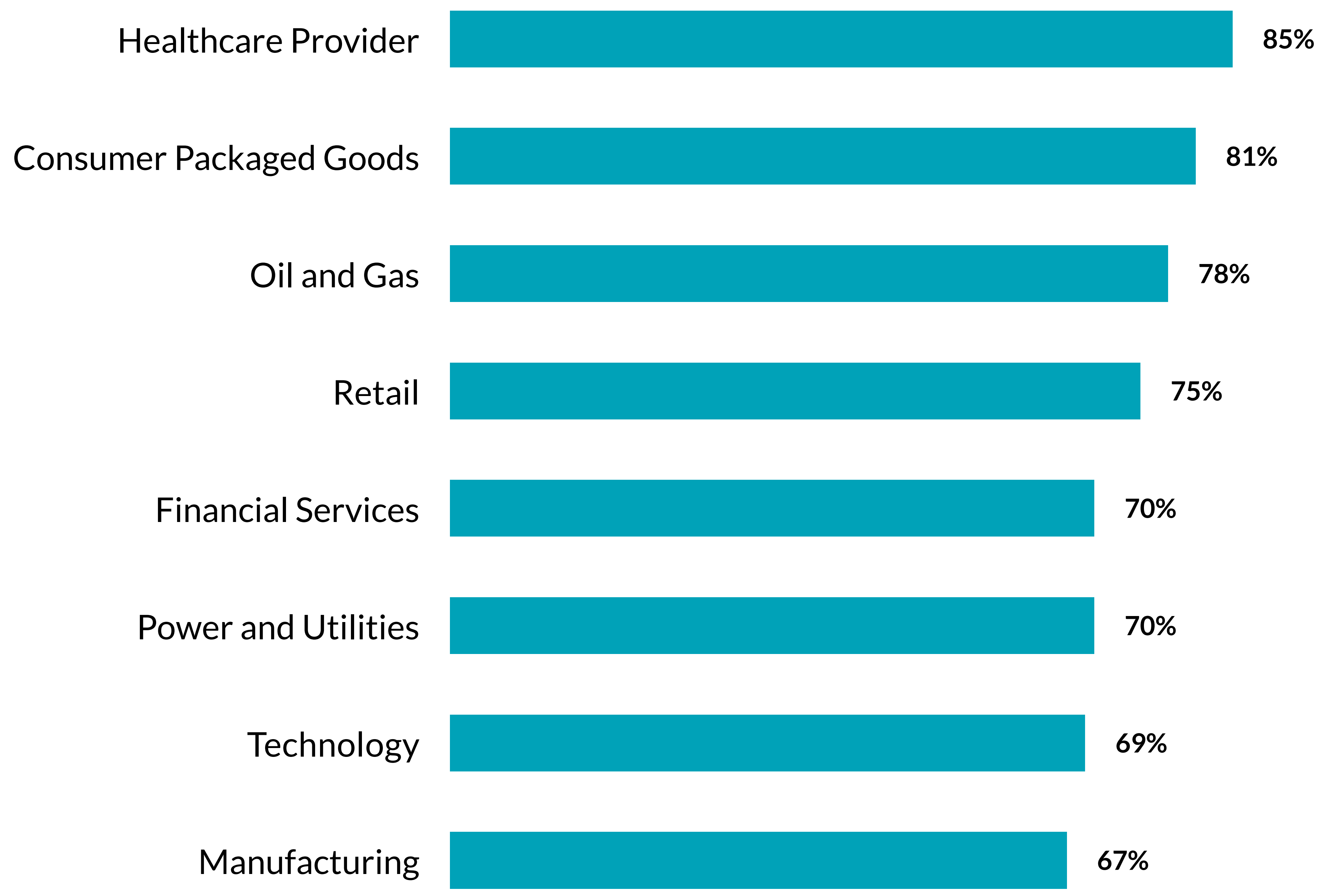
In the past 12 months, did your finance operations experience any disruptions or delays as a result of supply chain challenges, pandemic-related impacts, or effects of inflation among vendors or third-party service providers on which your finance organization relies?

(Shown: All responses)



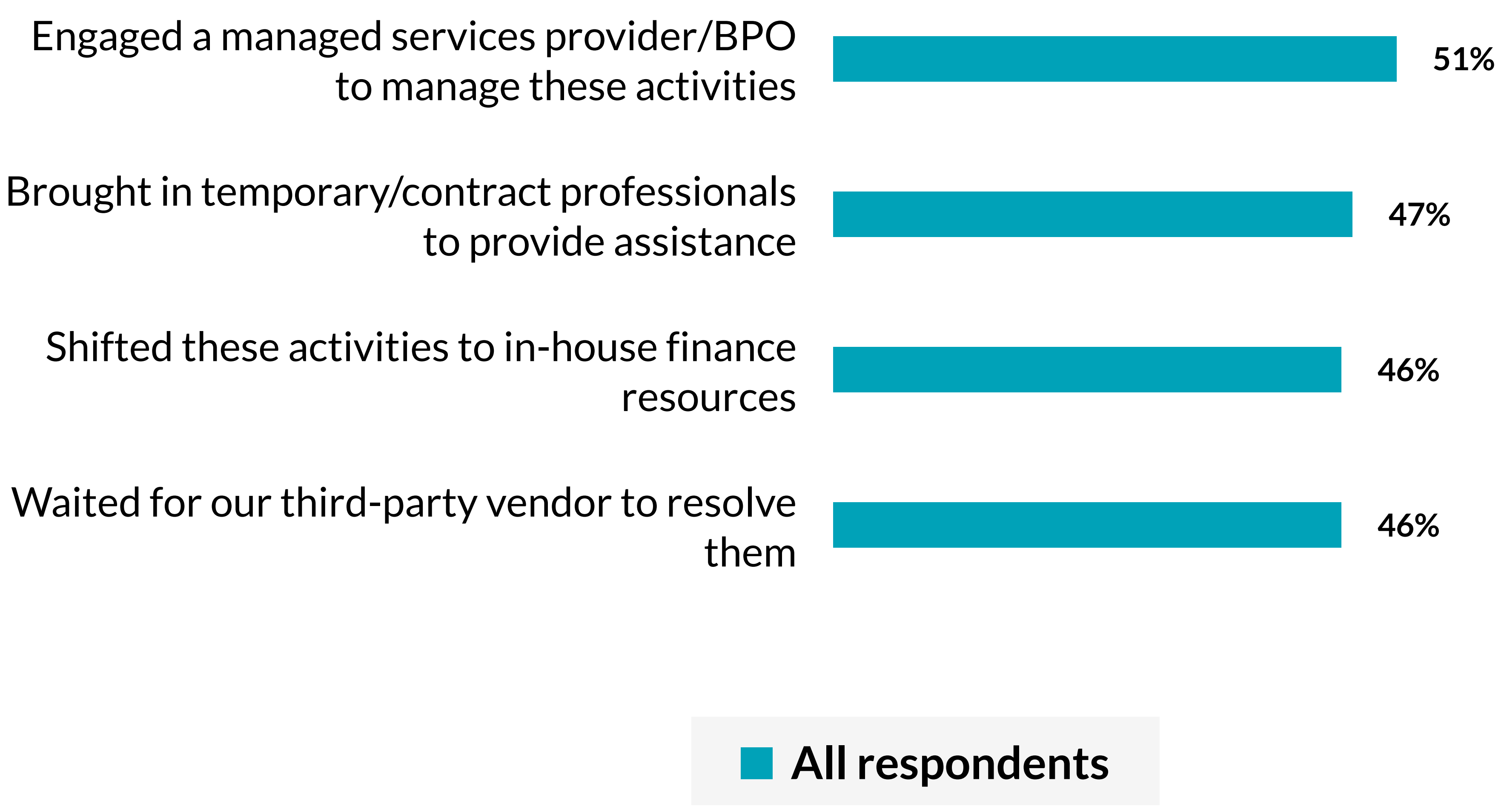
In the past 12 months, did your finance operations experience any disruptions or delays as a result of supply chain challenges, pandemic-related impacts, or effects of inflation among vendors or third-party service providers on which your finance organization relies?

(Shown: "Yes" responses among all respondents)



Which of the following actions, if any, did you take to address these disruptions or delays?*

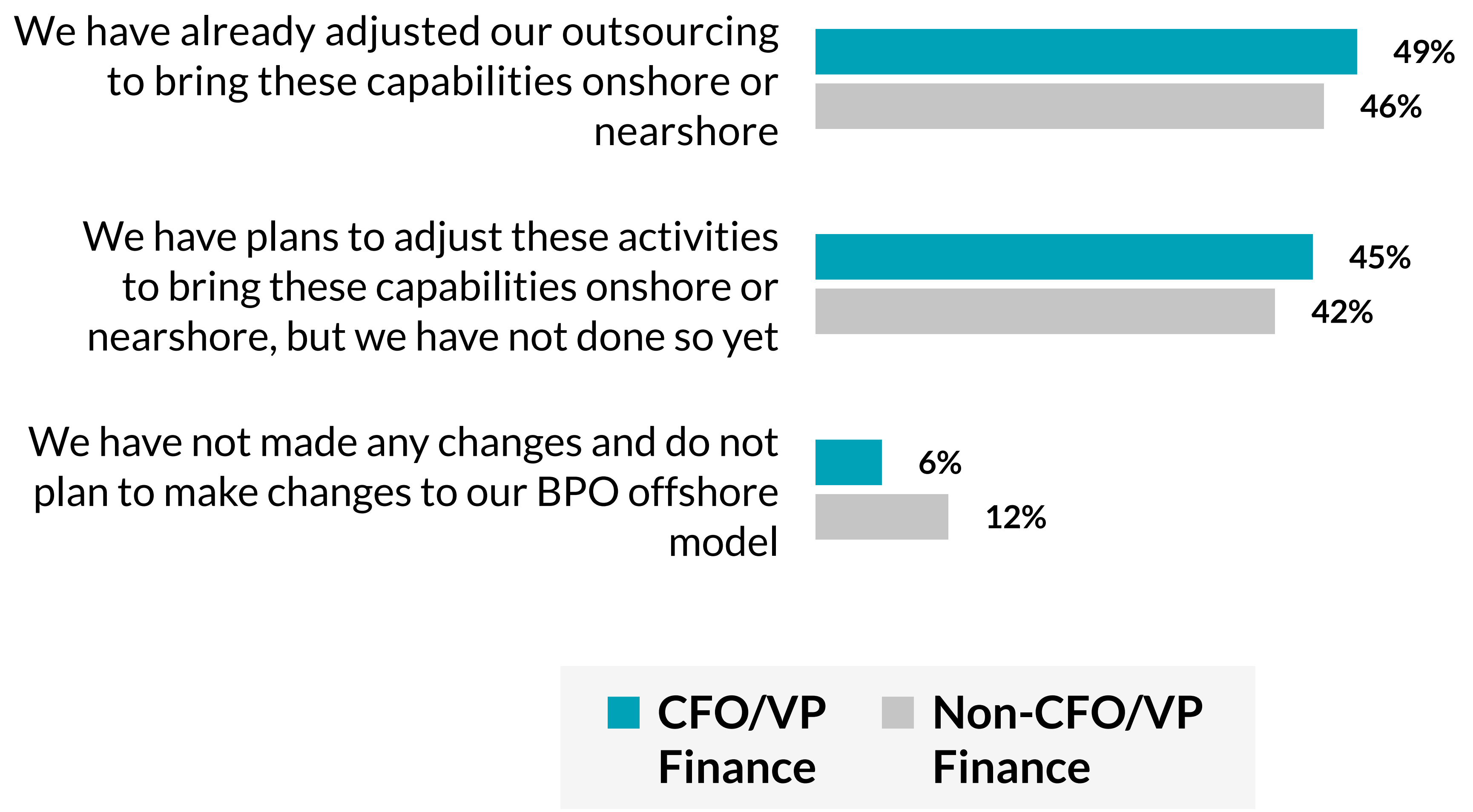
(Shown: Respondents whose organization's finance operations experienced disruptions or delays as a result of supply chain challenges, pandemic-related impacts, or effects of inflation among vendors or third-party service providers on which the finance organization relies)



	Financial Services	Tech-nology	Retail	Consumer Packaged Goods	Manufac-turing	Power and Utilities	Oil and Gas	Healthcare Provider
Engaged a managed services provider/BPO to manage these activities	55%	50%	55%	48%	55%	55%	36%	47%
Brought in temporary/contract professionals to provide assistance	55%	42%	48%	50%	49%	49%	42%	52%
Shifted these activities to in-house finance resources	55%	43%	44%	44%	29%	39%	56%	45%
Waited for our third-party vendor to resolve them	49%	43%	48%	44%	35%	45%	31%	56%

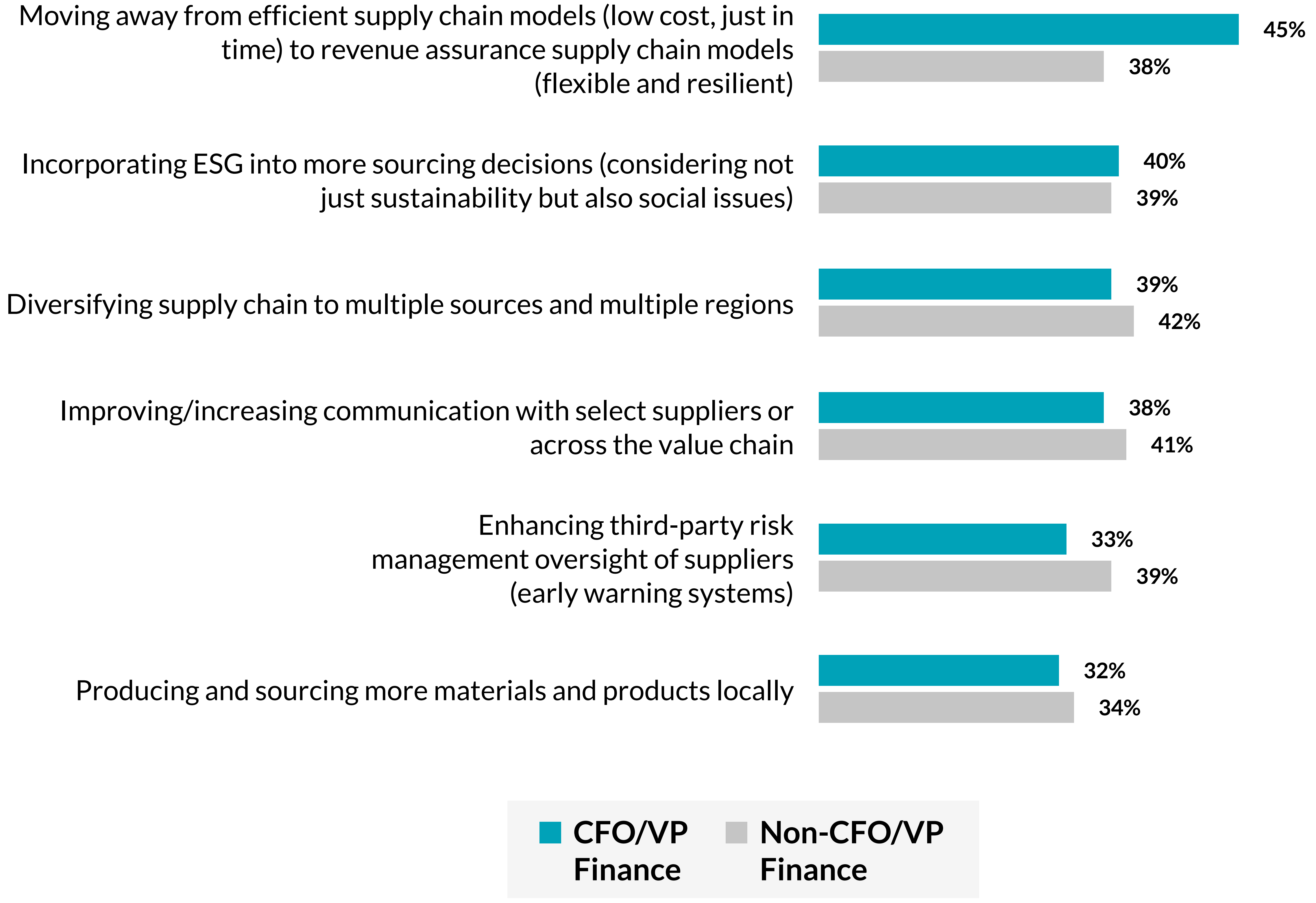
* Multiple responses permitted.

What actions, if any, has your organization taken or planned to take with regard to your offshoring strategy?



	Financial Services	Tech-nology	Retail	Consumer Packaged Goods	Manufac-turing	Power and Utilities	Oil and Gas	Healthcare Provider
We have already adjusted our outsourcing to bring these capabilities onshore or nearshore	52%	58%	56%	41%	35%	54%	46%	40%
We have plans to adjust these activities to bring these capabilities onshore or nearshore, but we have not done so yet	37%	40%	39%	53%	56%	36%	50%	54%
We have not made any changes and do not plan to make changes to our BPO offshore model	11%	2%	5%	6%	9%	10%	4%	6%

In light of current occurrences around trade barriers, how, if at all, is your organization reviewing its policies toward sourcing goods from its supply chain?*



45%

Organizations moving away from efficient supply chain models to revenue assurance supply chain models (per CFO/VP Finance responses)

* Multiple responses permitted.

These are dynamic times for CFOs and their finance teams, and they are not likely to change any time soon. As strategic programs for ESG, technology transformation, supply chain transformation, talent management and more continue to expand, executive teams will lean more heavily on the finance organization to provide the data, analytics and insights they need to make informed decisions. And who knows what other priorities may soon emerge that will compel CFOs and finance teams to further reimagine their roles.

Methodology and demographics

More than 1,000 (n=1,064) finance leaders worldwide, including CFOs, vice presidents of finance, and a broad range of finance directors and managers, participated in Protiviti's Global Finance Trends Survey, which was conducted online in June and July 2022. Respondents represent a broad cross-section of public and privately held companies. Survey participants also were asked to provide demographic information about the nature, size and location of their businesses, and their titles or positions. We are very appreciative of and grateful for the time invested in our study by these individuals.

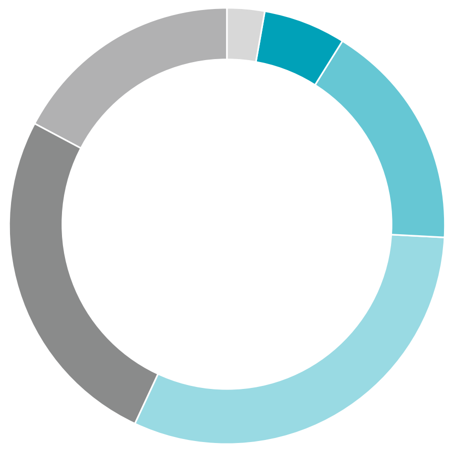
POSITION

Chief Financial Officer	50%
Vice President, Finance	14%
Finance Technology Director/Manager	10%
Finance Process Director/Manager	7%
Chairperson/Board Member	4%
Corporate Controller	4%
Financial Reporting Director/Manager	3%
Finance Transformation Director/Manager	3%
Budgeting/Planning Director/Manager	1%
General Manager	1%
Chief Executive Officer	1%
Executive Vice President	1%
SEC Reporting Director/Manager	1%

INDUSTRY

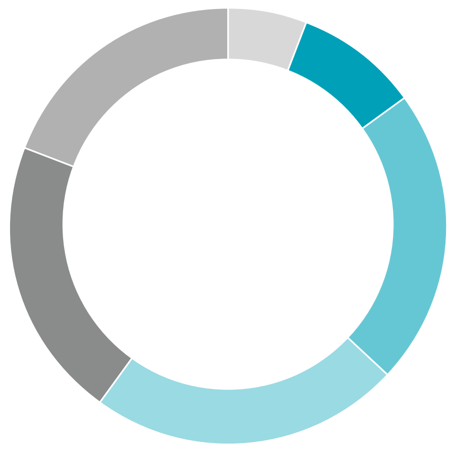
Financial Services — Banking	17%
Technology (Software, High-Tech, Electronics)	8%
Retail	8%
Manufacturing (other than Technology)	8%
Financial Services — Asset Management	8%
Healthcare Provider	7%
Power and Utilities	7%
Consumer Packaged Goods	6%
Oil and Gas	4%
Media	3%
Insurance (other than Healthcare Payer)	2%
Healthcare Payer	2%
Higher Education	2%
Financial Services — Broker-Dealer	2%
Government	2%
Telecommunications and Data Infrastructure	2%
Construction	1%
Professional Services	1%
Financial Services — Payments	1%
Financial Services — Other	1%
Transportation and Logistics	1%
Automotive	1%
Hospitality, Leisure and Travel	1%
Agriculture, Forestry and Fishing	1%
Biotechnology	1%
Wholesale and Distribution	1%
Other	2%

SIZE OF ORGANIZATION (OUTSIDE OF FINANCIAL SERVICES) — BY GROSS ANNUAL REVENUE IN U.S. DOLLARS



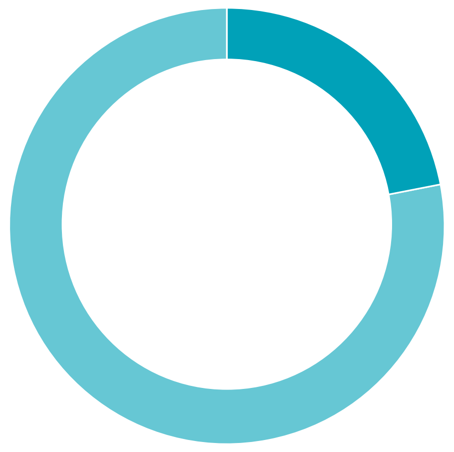
$20 billion or greater	3%
$10 billion - $19.99 billion	6%
$5 billion - $9.99 billion	17%
$1 billion - $4.99 billion	31%
$500 million - $999.99 million	26%
$100 million - $499.99 million	17%

SIZE OF ORGANIZATION (WITHIN FINANCIAL SERVICES) — BY ASSETS UNDER MANAGEMENT IN U.S. DOLLARS



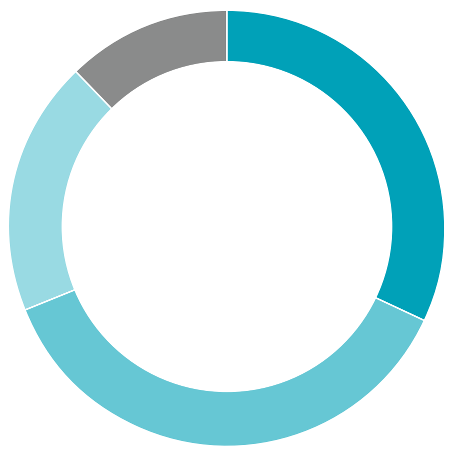
$250 billion or greater	6%
$50 billion - $249.99 billion	9%
$25 billion - $49.99 billion	22%
$10 billion - $24.99 billion	23%
$5 billion - $9.99 billion	21%
$1 billion - $4.99 billion	19%

TYPE OF ORGANIZATION



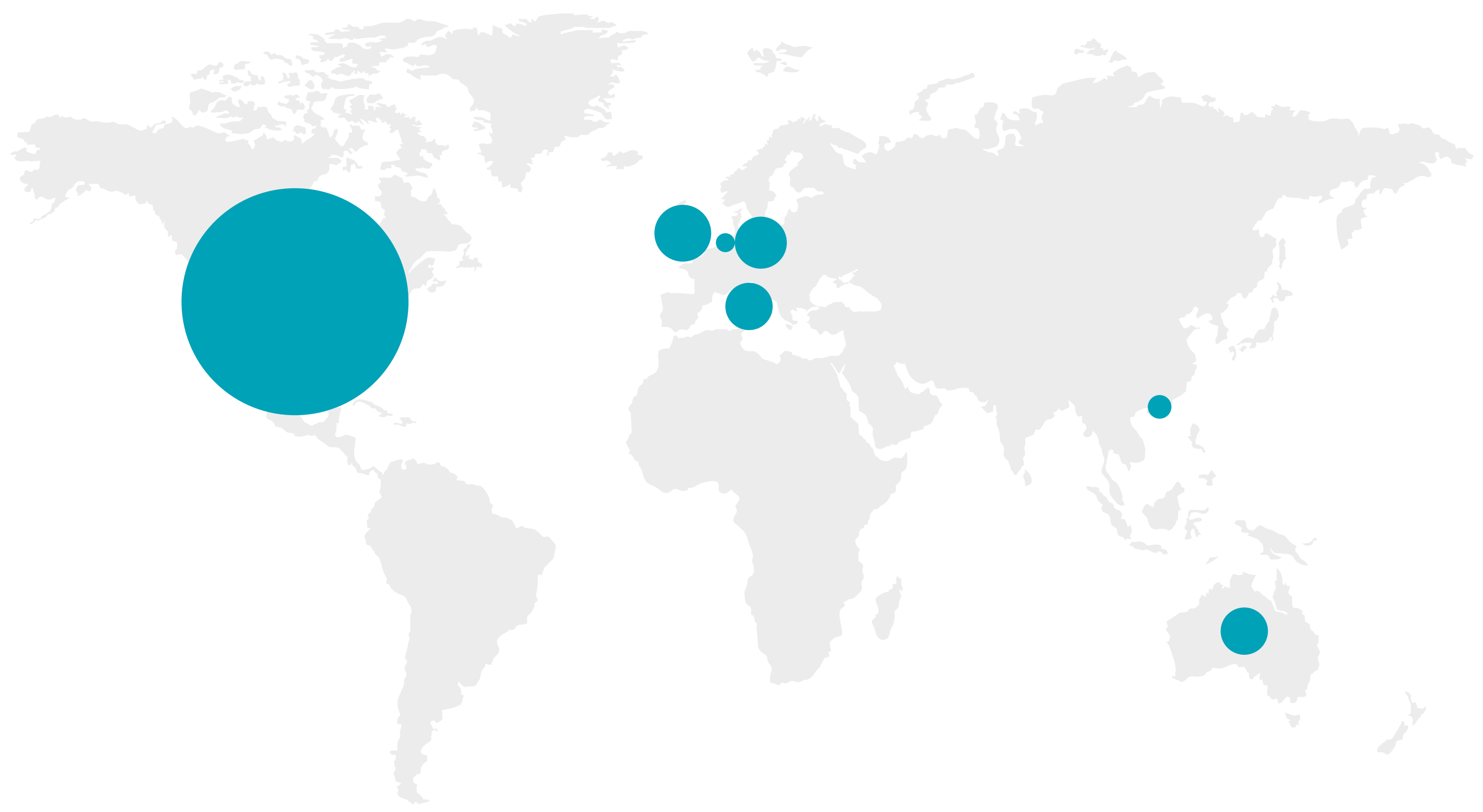
Publicly held	22%
Privately held	78%

SCOPE OF ORGANIZATION



Global	32%
National	37%
Regional	19%
Local	12%

ORGANIZATION HEADQUARTERS



United States	48%
United Kingdom	12%
Germany	11%
Australia	10%
Italy	10%
Hong Kong	5%
The Netherlands	4%

About Protiviti

Protiviti (www.protiviti.com) is a global consulting firm that delivers deep expertise, objective insights, a tailored approach, and unparalleled collaboration to help leaders confidently face the future. Protiviti and our independent and locally owned Member Firms provide clients with consulting and managed solutions in finance, technology, operations, data, digital, legal, governance, risk and internal audit through our network of more than 85 offices in over 25 countries.

Named to the 2022 Fortune 100 Best Companies to Work For® list, Protiviti has served more than 80 percent of *Fortune* 100 and nearly 80 percent of *Fortune* 500 companies. The firm also works with smaller, growing companies, including those looking to go public, as well as with government agencies. Protiviti is a wholly owned subsidiary of Robert Half (NYSE: RHI). Founded in 1948, Robert Half is a member of the S&P 500 index.

How we help CFOs and finance organizations

The role of finance executives is dynamic, constantly evolving to keep pace with changing demands of internal and external customers and technology. Protiviti helps finance leaders address their current challenges and explore opportunities for continuous growth, delivering innovative solutions and supporting finance as a forward-thinking, strategic partner to the business. At the core of our methodology is aligning people, process and technology to drive efficiency and productivity, enabling change and creating value for the entire organization.

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Denver, CO
Ft. Lauderdale, FL
Houston, TX
Indianapolis, IN
Irvine, CA
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Los Angeles, CA
Milwaukee, WI
Minneapolis, MN
Nashville, TN
New York, NY
Orlando, FL
Philadelphia, PA
Phoenix, AZ
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Mexico City

PERU*
Lima

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Dusseldorf
Frankfurt
Munich

ITALY
Milan
Rome
Turin

THE NETHERLANDS
Amsterdam

SWITZERLAND
Zurich

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Swindon

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QATAR*
Doha

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