

# Finance Priorities in the COVID Era

Technology, Media & Telecommunications

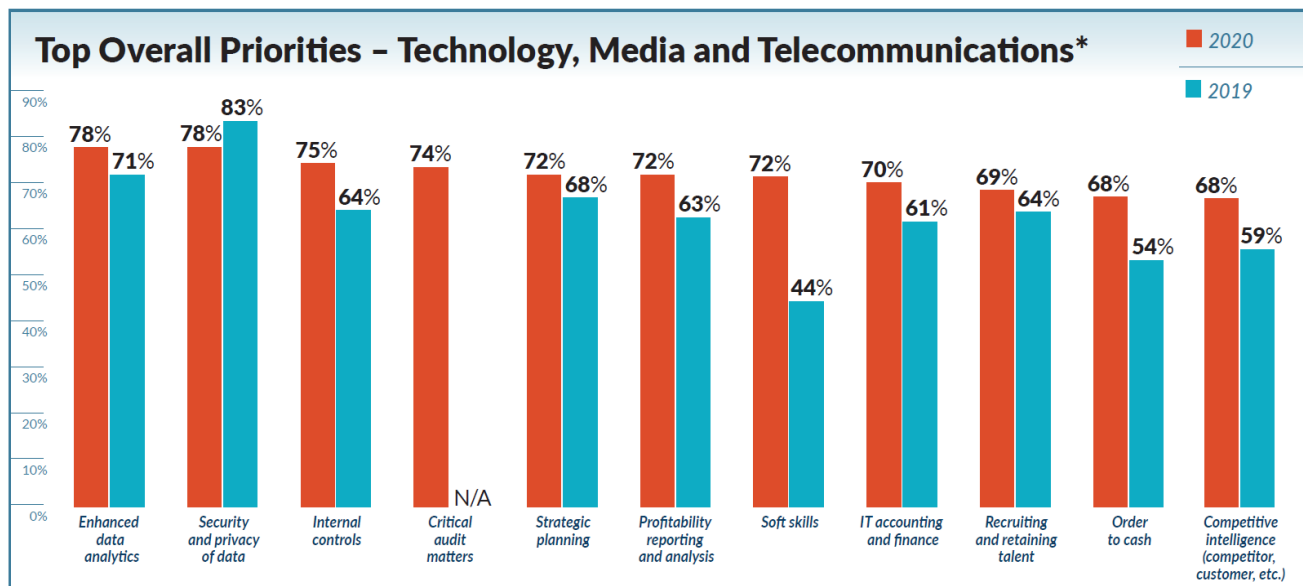
protiviti®  
Face the Future with Confidence

## For TMT Finance Leaders, Focus Remains on New Labor Model and Bolstering Resilience in 2021

Technology, media and telecommunications (TMT) companies are entering the new year with wind in their sails, having weathered the ongoing era of lockdowns, quarantines and remote working better than many other companies. Thanks to a strong demand for digital services, collaboration tools and other technology infrastructure needed to support the shift in working and living habits, TMT companies continue to experience strong business growth and market valuation.

At the same time, the quantum changes experienced over the last 12 months have created numerous challenges for the industry. In Protiviti's [latest global survey of CFOs and finance leaders](#) across various industry sectors, the priorities identified by TMT respondents reflect these concerns and a commitment to implement various strategies and practices to bolster resilience.

For instance, as more people work from home, shop online and stream movies from personal devices, ensuring data security and privacy has become a significant concern. In the latest survey, 84% of TMT finance leaders indicated a moderate-to-significant increase in their level of concern over data security, based on their existing



\* In our survey, respondents were asked to rate 42 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. Rankings are based on the percentage of respondents who scored these areas at "8" or higher.

security infrastructure. Consequently, the survey also shows a strong interest among TMT finance departments to move more finance functions or applications to the cloud to secure data and enhance operational resilience.

Below is a summary of other top priorities that the TMT finance leaders intend to focus on over the next year to enable their departments to operate digitally, flexibly and resiliently.

### **Workforce of the Future**

TMT finance departments continue to manage a host of workforce-related issues as the industry shifts to a new labor model. For example, [in an April 2020 virtual roundtable](#), a number of CFOs of high-growth software companies described challenges with meeting service-level agreements, like those involving government contracts and/or classified programs, due to work-from-home arrangements. In this latest survey, TMT finance leaders confirmed that the shift to a largely remote workforce has impacted their departments' ability to prepare reliable financial reporting and statements under required timelines.

Still, a sizable majority of the survey respondents (78%) said their views have changed regarding working remotely and many (63%) expect this model to become the norm going forward. This finding aligns with many of the recent public statements issued by several large technology companies, like Microsoft, which [announced in October](#) that, for most roles, it views "working from home part of the time (less than 50%) as now standard – assuming manager and team alignment."

Overall, TMT firms have managed to weather pandemic-related workforce disruptions by leveraging a diverse talent pool of full-time employees, contract and temporary workers, and expert external consultants, as well as managed services and outsourcing providers. For instance, managed services are being used to support a wide variety of finance functions, including accounts receivable/order to cash (25%), financial planning and analysis/plan to project (25%), and risk management (22%).

### **Data and Analytics**

The COVID-19 pandemic has also increased requests from internal stakeholders for real-time data and analysis to develop better customer insights and improve the customer experience. This is supported by the survey, which shows enhanced data analytics is the No. 1 priority for TMT finance leaders. Along with the ability to provide frequent, detailed and dynamic financial analyses and forecasts, the finance leaders placed internal controls (75%), critical audit matters (74%), strategic planning and profitability reporting (both 72%) at the top of their overall priorities.

### **Soft Skills**

While finance departments are looking to skill up in many technical areas, the survey showed a strong interest in soft skills compared to 2019, and those skills topped the list of staffing-related priorities at 72%, followed by recruiting and retaining talent (69%). The message here is clear: In the current environment, whether employees are at work or working from home, fear and anxiety remain high, which means a positive attitude, emotional intelligence, and adaptability and flexibility, as well as learning agility and mental strength, are valuable soft skills that employers want in current and prospective candidates.

### **Privacy and Security**

No doubt the new labor model and staffing changes have increased security and data privacy risks for TMT companies. TMT finance leaders indicated that this issue is a major focus for their departments over the next 12 months. Not only are the finance leaders concerned about the vast numbers of employees accessing corporate

networks remotely, but also many (like software and social media companies) are increasingly worried about compromised or rogue employees getting unauthorized access to valuable customer data.

Based on the demands and expectations of boards and executive management, the survey shows budgets for data security and privacy are increasing. This trend is underscored by the growing number of TMT companies that have migrated or are in the process of migrating on-premise applications to the cloud. Similarly, more companies are engaging managed security solution providers for help with these security challenges and to enhance operational resilience.

## **Operational Resilience**

As part of the effort to build resilience, TMT finance leaders are also diversifying supply chains. This is a broad effort that involves not only reducing geographic concentration of suppliers but also moving certain offshore supply sources onshore or closer to home and adopting more robust third-party risk management oversight. The survey shows the options under consideration and how they are prioritized: diversifying supply chain geographically (58%), sourcing more materials and products locally (57%), and enhancing third-party risk management oversight of suppliers (55%).

In another resilience-driven effort, the TMT finance leaders seek to prioritize automation to not only manage workflow challenges exposed by the pandemic but also reduce the impact of human error and absenteeism on critical processes and functions. Specifically, 57% of respondents stated that it is likely or very likely that their organizations will increase automation to perform critical business functions as a result of the pandemic. About 49% of the respondents indicated they are considering onshore and RPA tools on-site to increase automation.

## **ESG**

Finally, in the same way the pandemic has escalated investments in cloud, automation, and data security and privacy, the social upheavals of the past year have intensified companies' focus on environmental, social and governance (ESG) initiatives. Across the TMT industry, ESG remains a competitive differentiator for organizations as they seek to meet the expectations of shareholders and other key stakeholders.

In the tech world, for example, ESG matters for early-stage tech companies looking to monetize sweat equity, moderate-stage tech companies wanting to pursue an IPO, and more mature-stage tech companies looking to build and sustain long-term value. In the survey, 81% of TMT respondents indicated a moderate-to-significant increase in their focus and frequency of ESG reporting. ESG was singled out, along with research and development and customer experience, among areas that are least likely to be impacted by cost cuts over the next year.

Interested in learning more? Further insights and our full report, *Finance Priorities in the COVID Era: Digital Dominance and Flexible Labor Models*, are available at [www.protiviti.com/financesurvey](http://www.protiviti.com/financesurvey).

## About Protiviti

Protiviti ([www.protiviti.com](http://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, analytics, governance, risk and internal audit through our network of more than 85 offices in over 25 countries.

Named to the [2020 Fortune 100 Best Companies to Work For®](#) list, Protiviti has served more than 60% of *Fortune* 1000 and 35% of *Fortune* Global 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.

## Contacts

### **Gordon Tucker**

Managing, Director

Global Leader, Technology, Media and Telecommunications

+1.415.402.3670

[gordon.tucker@protiviti.com](mailto:gordon.tucker@protiviti.com)