CFO's top 5 initiatives to prioritize

- Finance analytics
- Finance organization strategy and structure
- Finance technology optimization
- Growth investments
- Cost structure

n = 58 organizations with less than $1 billion in annual revenue
Source: Gartner Finance 2020 Agenda Poll

CFO's top problems to solve by key initiative

Top problem related to growth investments: Long payback period for realizing ROI from technology investments

<table>
<thead>
<tr>
<th>% of clients rating 'important' or 'extremely important'</th>
<th>76%</th>
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</thead>
<tbody>
<tr>
<td>% of clients rating 'high confidence' or 'extremely high confidence' in solving</td>
<td>24%</td>
</tr>
</tbody>
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n = 17 Source: Gartner Finance 2020 Agenda Poll

Key findings

- Seventy-six percent of CFOs report lagging ROI from technology investments due to long implementation and slow adoption as an important priority, but only 24% are confident in their ability to solve the challenge — a delta of 52%.

- CFOs lack confidence in addressing challenges around cost structure like salary growth outpacing worker productivity.

Learn more: Visit gartner.com/go/finance, call 1 866 913 8102 or email financeleaders@gartner.com
CFO’s top problems to solve by key initiative (continued)

Top problem related to finance organization strategy and structure:
Organization structure limits responsiveness to changing business needs

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<tr>
<th>% of clients rating ‘important’ or ‘extremely important’</th>
<th>% of clients rating ‘high confidence’ or ‘extremely high confidence’ in solving</th>
<th>Delta</th>
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<tbody>
<tr>
<td>71%</td>
<td>53%</td>
<td>18%</td>
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n = 17 Source: Gartner Finance 2020 Agenda Poll

Top problem related to finance technology optimization:
Current technology needs are not aligned with future success

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<th>% of clients rating ‘important’ or ‘extremely important’</th>
<th>% of clients rating ‘high confidence’ or ‘extremely high confidence’ in solving</th>
<th>Delta</th>
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<tbody>
<tr>
<td>44%</td>
<td>31%</td>
<td>13%</td>
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n = 16 Source: Gartner Finance 2020 Agenda Poll

Top problem related to cost structure:
Worker productivity lags salary growth

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<tr>
<th>% of clients rating ‘important’ or ‘extremely important’</th>
<th>% of clients rating ‘high confidence’ or ‘extremely high confidence’ in solving</th>
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<tbody>
<tr>
<td>50%</td>
<td>7%</td>
<td>43%</td>
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</table>

n = 14 Source: Gartner Finance 2020 Agenda Poll

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Gartner insight: Close the digital investment return gap  

Almost half (48%) of the organizations we surveyed as part of our Digital Enterprise 2020 Survey say the ROI of digital investments is less than the cost of capital. That’s because most digital investments are small and incremental — a business unit will develop an app because competitors are doing it, or several functions will invest in big data analytics separately. Seven in 10 heads of strategy report that their organizations make too few transformational and large digital investments. This is a costly mistake. 

Organizations that invest in large, transformational digital initiatives are seven times more likely to extract value from their current digital investments, and seven times more likely to leverage these digital investments to hit five-year revenue goals. 

Finance must step in to help the organization fund the right digital initiatives. As digital spending increases, it’s imperative for CFOs to manage the proliferation of small and scattershot initiatives by guiding the organization toward larger digital investments that support critical strategic objectives. To do this, follow these three imperatives:

1. Budget separately for digital experimentation  
CFOs tend to think of the IT budget in terms of capex and opex. CIOs, on the other hand, think of IT spending in terms of a run budget (to keep the lights on), a grow budget (to build on existing technological capabilities) and a transform budget (to experiment and innovate). 

CFOs should shift their thinking to align more with the CIO perspective. This means budgeting separately for digital experimentation and innovation to ensure that your organization funds the right transformational projects. To maintain funding flexibility and help these digital projects succeed, set aside a pool of additional resources that can be used as a project’s needs or goals change.

2. Allocate funds to business outcomes, not digital technologies  
Current technology funding models are too slow and rigid to support innovative and fast-changing digital investments. To align investments with long-term enterprise objectives even as technology changes rapidly, don’t fund specific technologies. Instead, fund the key digital capabilities that drive business value. For example, instead of allocating funds to a specific invoicing software or a particular billing history solution, allocate a “block” of resources to billing management overall. This will enable your organization to reallocate resources within the “billing management” category as priorities change.

3. Manage the performance of your digital investment portfolio  
Many finance teams struggle to effectively assess the ROI of digitalization initiatives, calculating the return on new technologies like blockchain, for example. Rather than focusing on the ROI of individual projects, take a step back and evaluate whether the portfolio of transformative digital investments is sufficient to achieve the organization’s long-term strategic objectives. One way to do this is to visualize gaps and overlaps in the portfolio. Once these investments are underway, don’t hesitate to reevaluate them and to shift funds from low-potential to high-potential investments to maximize returns.