FP&A Leadership Vision 2022
3 Strategic Actions for Success
From Chris Howard, Chief of Research, Gartner

As we head into 2022, we continue to feel the human toll of the global pandemic, but we already know it has been a watershed period in which attitudes and norms have permanently shifted — in our everyday lives and at work.

Living through COVID-19 has increased social awareness — as have growing demands for equity for those who are underrepresented.

Businesses have also changed. For many organizations, the pandemic has catalyzed digital business initiatives as we adapt to the demands of employees, customers and other stakeholders, who were forced into new digital options that they have now come to favor.

B2B purchasers are happy to buy digitally, without a sales representative; B2C consumers are buying off social media platforms; employees are physically distributed and communicating asynchronously — and IT infrastructures must secure the organization despite this “anytime, anyway, anywhere” way in which we’re operating.

You and your team may be burning out, and it’s never been more important to prioritize your time and energy.

In your role as a leader, you’ve now spent months adapting to change and delivering new solutions at speed. You and your team may be burning out, and it’s never been more important to prioritize your time and energy. To help with that, Gartner Leadership Vision provides top-level guidance to leaders and their teams on where to focus — based on our data-driven research.

We’re providing detailed insights to our clients across dozens of roles, and we’re now excited to share excerpts with the business community beyond our clients. We hope this will help you to focus discussions with your teams, peers and other leaders, so you can more quickly and effectively diagnose priorities and actions, especially as you solidify your strategic plans for 2022.

Chris Howard
Chief of Research, Gartner
Financial Planning and Analysis (FP&A) Leaders Need to Accelerate Digital

FP&A in 2022

- Successfully Implement and Use AI and ML
- Instill Flexibility in Planning and Budgeting
- Make Data Usable for AI and Advanced Analytics
- Integrate Financial and Operational Planning

AI = artificial intelligence
ML = machine learning

Source: Gartner
Trends, Challenges, Actions for the FP&A Leader

**A disruptive business environment**

The COVID-19 pandemic has further amplified projected disruptions. Annual growth of business disruptions in 2022 is projected to be **20%**. The bottom line is that disruptions aren’t going away postpandemic.

**Challenges for the FP&A leader**

- Enable in-year resource flexibility.

**Actions for the FP&A leader**

- Adopt a phased budget allocation approach.

**Continued digital acceleration**

Almost **two-thirds** of executives reported that they increased their investments and focus on digital business. Steady progress isn’t enough anymore, though. Many boards have tasked the finance function with focusing on digital business acceleration.

**Challenges for the FP&A leader**

- Successfully implement AI and ML.

**Actions for the FP&A leader**

- Understand the market for AI providers.

**Advancement of analytics technologies**

The evolution and advancement of analytical technologies can transform the way financial planning and analysis is performed.

**Challenges for the FP&A leader**

- Unlock value from advanced analytics.

**Actions for the FP&A leader**

- Separate hype from reality in analytics.

Source: Gartner
Only Allocate Some of the Budget at the Start of the Fiscal Year

A phased approach allows the company to adjust spending levels in-year as strategic or other internal priorities change — while ensuring that the company does not overspend or underspend on its large IT projects.

Phased IT Budget Allocation Process

Criteria for Determining Initial Budget Allocation:
• First Expected Project Milestone
• Expected Project Duration
• Project’s Strategic Importance

Criteria for Determining Allocations in Subsequent Quarters:
• Achievement of Initial Project Milestones
• Project Priority Relative to Other Projects
• Project Budget Utilization to Date

Only 50% of Funds Available at Start of Year

50% of Funds to Be Released on a per Project Basis Later in Year

Q1 → Q2 → Q3 → Q4

Source: Adapted from TenMoon*
*Pseudonym
Explore Different Options for External AI Experts and Third Parties

To capitalize on AI and navigate the fragmented market, develop a holistic view of services offered by AI service providers.

**AI Service Provider Landscape**

<table>
<thead>
<tr>
<th>AI Solutions</th>
<th>AI Solutions Life Cycle</th>
<th>Domain/Industry Focus</th>
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<tr>
<td>Chatbots</td>
<td>Data Engineering</td>
<td>Financial Services</td>
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<td>Recommendation Engines</td>
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<td>Fraud Detection</td>
<td>Governance</td>
<td>Manufacturing</td>
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**Strategy**
- Curation
- Labeling
- Computer Vision
- Graph

**Model Development**
- Optimization
- Natural Language Processing

**MLOps**
- Monitoring

Source: Market Guide for Artificial Intelligence Service Providers, Gartner, 2021
Evaluate a Range of Technologies That Can Unlock the Value of Data and Analytics

Gain a holistic understanding of data and analytics technologies and trends to distinguish between the hype and disillusionment around analytics innovation.

Plateau will be reached:
- < 2 yrs.
- 2 – 5 yrs.
- 5 – 10 yrs.
- > 10 yrs.
- Obsolete before plateau

Source: Gartner Hype Cycle™

As of August 2021
Next Steps for FP&A Leaders

- Shift to a phased budget allocation approach.
- Define finance’s role in integrated business planning.
- Separate hype from reality in analytics.
- Understand the market for AI providers.
- Accelerate digital skill-building in FP&A.
- Use driver maps as GPS for data governance.
Actionable, objective insight

Explore these additional complimentary resources and tools for FP&A leaders:

**Research**
Finance Analytics: Cutting-Edge Insight
Deliver finance analytics that inform planning and decision making with our range of best-practice insight.

**Research**
Build a Better Strategic Plan for Your Function
Turn your strategy into action with our tools and templates.

**Resource Hub**
Future of Work Reinvented
Reinvent where, when and how we work to maximize employees’ engagement and productivity.

**Journal**
Gartner Business Quarterly
Stay up to date with the most compelling research on organizational issues that cut across the C-suite.

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