

2022

Finance Team Trends Report





1 Executive Summary

The global events of the past two years put digital transformation efforts into overdrive for many organizations. A global pandemic precipitated the widespread adoption of remote work, and a consequent dramatic shift in worker priorities led to an exodus from the corporate world that has been dubbed as “the Great Resignation.”

Finance teams were not immune to these events. The challenges of a distributed and dwindling workforce put significant pressure on the Office of the CFO, and digitization has become ever more important.

At the same time, business leaders seeking greater organizational agility now depend more than ever on the finance team to produce the insights they need to make well-informed decisions quickly.

For the second year in a row, insightssoftware partnered with Hanover Research to discover how finance teams are rising to the challenges they face and identify areas where they may be struggling to do so. The resulting Financial Trends Survey revealed several key trends common to finance teams across multiple countries and industries.

As a finance professional reviewing the findings of this report, you may see that some of the issues mentioned here are challenges you face daily in your own organization. If so, you will likely find the data insights instrumental in mapping the path to your financial process goals.

FINDING

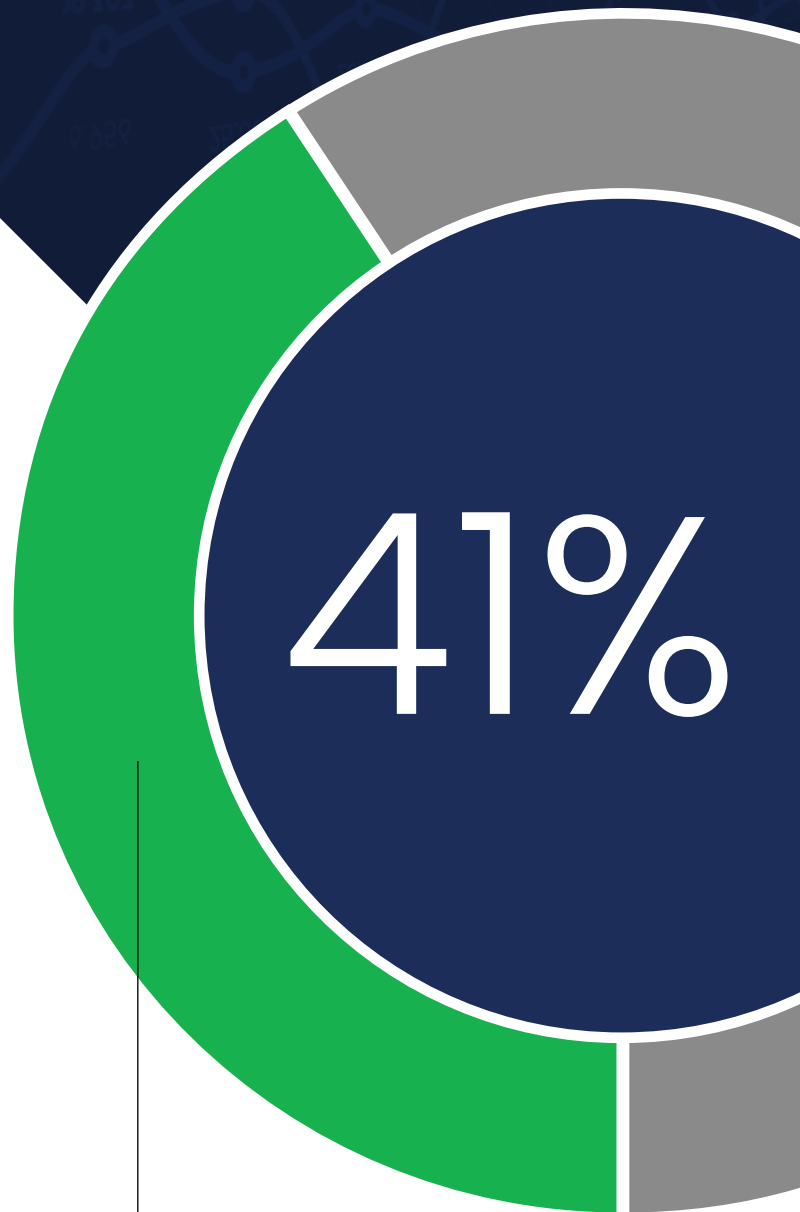
A Lighthouse in the Storm

The increased need for organizational agility has forced finance to refocus efforts on planning activities and intensified the need for accurate reporting and forecasting to support rapid strategic decision-making.

Across North America and EMEA, 41 percent of finance professionals identified strategic decision-making as a priority, an 11-percent uptick from 2021 figures. Forty-two percent of this year's survey respondents reported that enabling their organization to make flexible and timely decisions was a top priority.

TAKEAWAY

As organizational leaders seek greater agility, finance teams must find ways to enable real-time insights that leaders can use to make timely decisions. Purpose-built budgeting, planning, and forecasting solutions that enable real-time insights will be instrumental in giving leadership the right information with enough time to respond accordingly.



41 percent of finance professionals identified strategic decision-making as a priority

FINDING

Do More With Less

A consistent theme among respondents is the challenge of scalability and the need to do more with less. Disrupted supply chains, price inflation, and staff shortages are exerting increasing pressure on finance teams to find ways to scale according to ever-changing needs and capacity.

Although 72 percent of respondents expect to increase the size of their finance team within the next two years, teams right now are still struggling to execute planning and reporting responsibilities due to:

- **Time-consuming manual processes**
(50 percent, up from 29 percent in 2021)
- **Lack of resources**
(50 percent, up from 28 percent in 2021)
- **Inability to readily access required data**
(33 percent, up from 21 percent in 2021)

Among the 17 percent of companies expecting to downsize in the next two years, typical rationale for scaling down include:

- **A decrease in budget**
(31 percent, compared with 25 percent in 2021)
- **An attempt to increase profits**
(31 percent, compared with 26 percent in 2021)
- **Cost reduction**
(36 percent, compared with 40 percent in 2021)

TAKEAWAY

Whether finance teams are planning for expansion or downsizing, the reality is that their responsibilities are increasing and all finance teams are looking to do more with less. Automation and digitization will continue to be keys to success, as finance teams work to eliminate tedious manual processes and find ways to access data from multiple business systems in real time.

FINDING

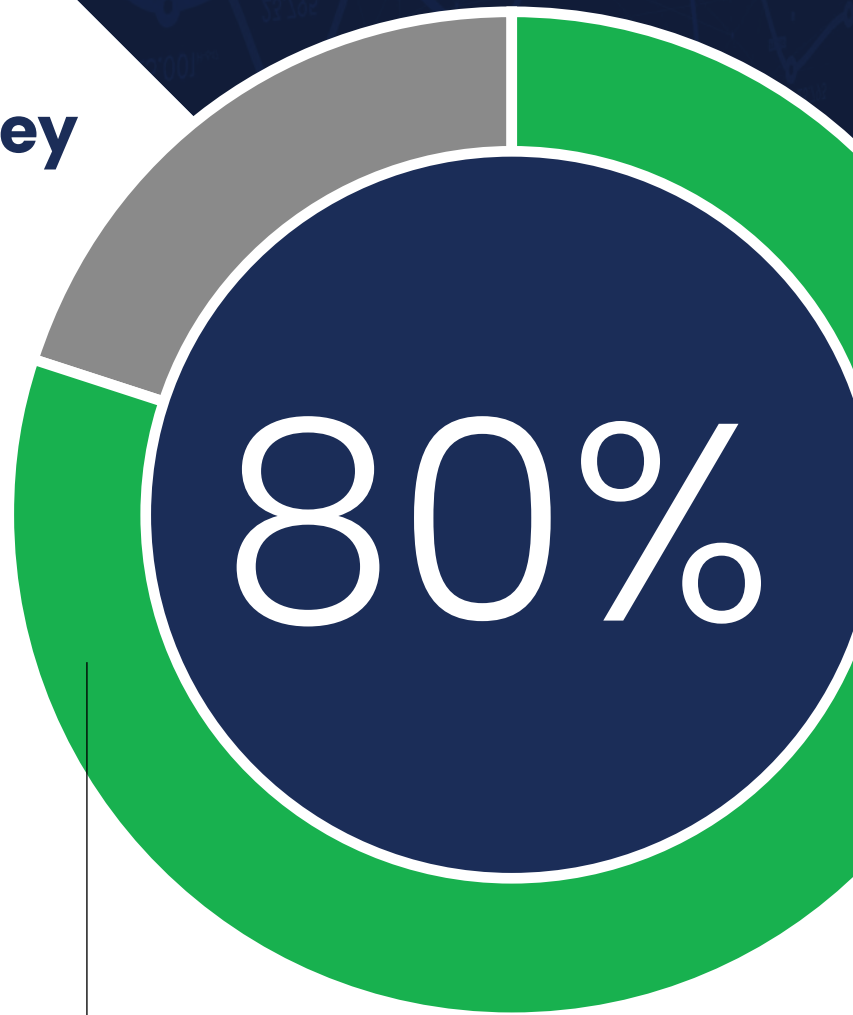
Self-sufficiency Is Key

The expansion of finance team responsibilities and the need for integration with other business areas mean that finance teams need greater self-service capabilities.

Although 88 percent of decision makers reveal that they are satisfied with the relationship between their finance department and their IT department, an eye-opening 80 percent admit that their finance department is over-reliant on IT.

Among some of the top challenges finance teams face, interaction between IT and Finance is a common thread. For example, finance teams rely heavily on IT to solve challenges such as:

- **Adoption of new technology** (considered a top challenge by 41 percent of respondents)
- **Data limitations/inaccuracies** (considered a top challenge by 33 percent of respondents)
- **Changing report criteria** (considered a top challenge by 35 percent of respondents)



80 percent of decision makers admit that their finance department is over-reliant on IT.

TAKEAWAY

An over-reliance on IT contributes to some of the top challenges for finance teams today. Finding solutions that enable self-service capabilities for the finance team can go a long way toward overcoming the main challenges they face.

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Introduction

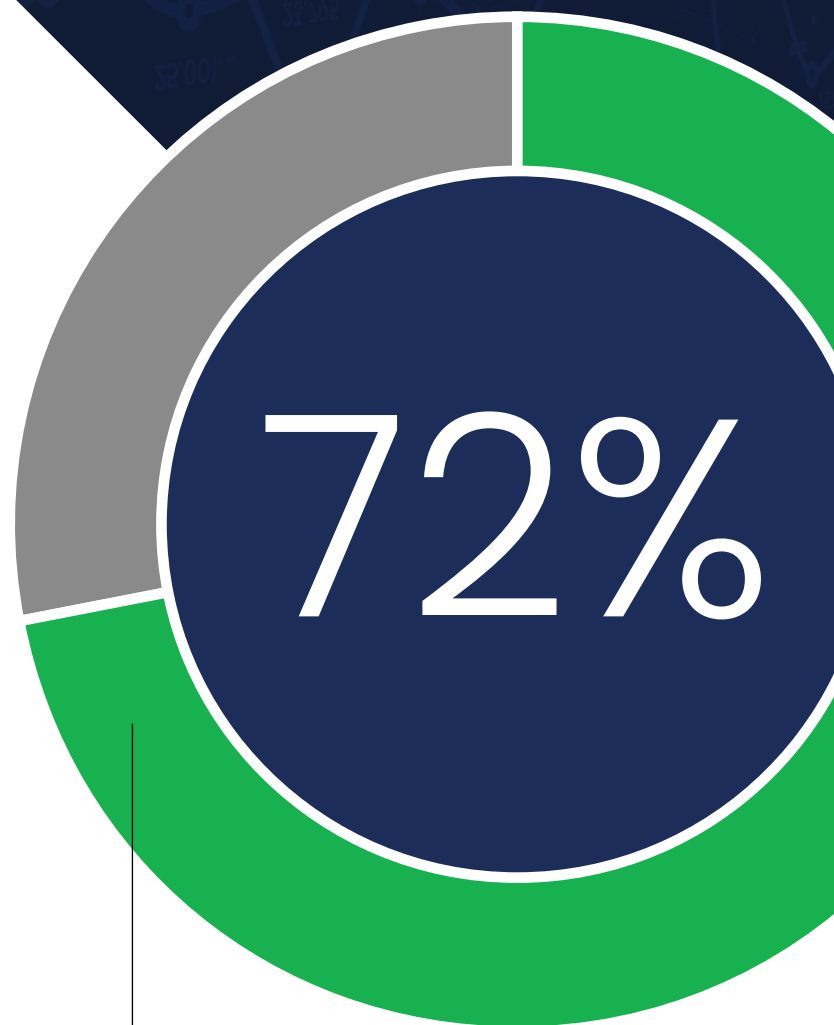
Over the last two years, many organizations have made tremendous progress on their digital transformation journey. Catapulted forward by a global pandemic and its economic after effects, two-thirds of finance teams report a high level of financial digitization.

In North America, 72 percent describe their finance department as highly digitalized.

In year-over-year survey results, finance teams in 2022 are significantly more efficient at nearly all tasks, when compared to finance teams in 2021. They're also more effective at the most common tasks such as:

- **Financial planning and analysis**
(83 percent compared to 76 percent in 2021)
- **Financial modeling**
(84 percent compared to 77 percent in 2021)
- **Cash forecasting**
(78 percent compared to 70 percent in 2021)

Even with all the progress made, finance teams still have a long way to go to fully execute on each responsibility and task with which they are faced. Three-quarters of finance departments are efficient and effective in



72 percent of Finance teams in North America describe their finance department as highly digitalized.

processing their responsibilities and tasks, but only about half report being able to completely execute on nearly every task.

As the list of priorities for finance continues to evolve and grow, completing the digitization journey will require fine-tuned data control, streamlined processes, and intuitive systems to bridge the gap. Only then will organizations reap all the benefits of digitization.



Who is this Report For?

This report is designed to be a resource for those tasked with decision-making for finance teams and for the wider organization with whom those teams work.

The goal of insightsoftware is to help organizations identify strategies for streamlining and automating processes that directly align with major functional areas critical to the Office of the CFO: financial planning and analysis, financial modeling, budgeting and forecasting, and capital management, to name a few.

When you explore the data in this report, you will see clear patterns emerge that highlight areas where finance team leaders can take action.

These optimizations will have a lasting, positive impact on both the day-to-day work of the Office of the CFO and the organization as a whole.

2 Research Methodology

The Financial Trends Survey on which insightsoftware's 2022 Finance Teams Trends Report is based was developed in coordination with Hanover Research.

The survey was designed to discover:

- The current responsibilities of finance teams, and how they perceive their ability to meet those responsibilities.
- How much time is spent on manual/repetitive tasks vs. value-added analysis, and which tools and processes are in place or planned to handle those tasks.
- What challenges finance teams face currently.
- What finance teams consider as their key priorities for the next two years.
- What changes in size finance teams anticipate in the next two years and why
- How finance teams view their relationship with IT.
- How much progress finance teams have made over the last year in their digital transformation journey.

To find the answers to these questions, potential respondents were recruited via a panel and the survey was administered online in the spring of 2022. Following data cleaning and quality control, the final analysis included 514 respondents, with 51 percent of respondents in North America and 49 percent in EMEA.

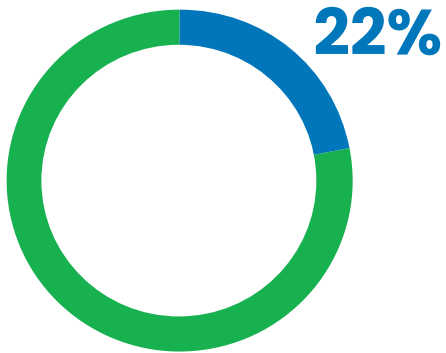
Respondents worked across many industries including Finance and Insurance, Professional/Technical Services, Construction/Architecture, Healthcare/Medical, Education, Public Administration/Government, Telecommunications, and Transportation and Warehousing, to name just a few.



3 Demographics

Respondent Personal Characteristics

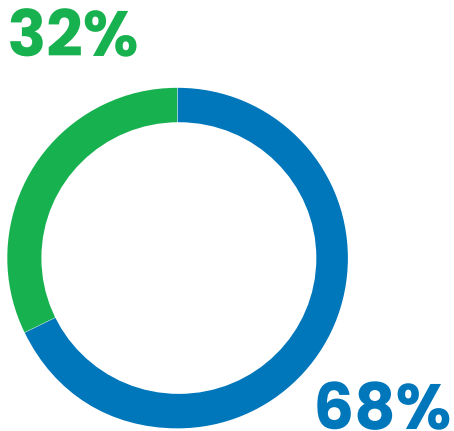
Department



78%

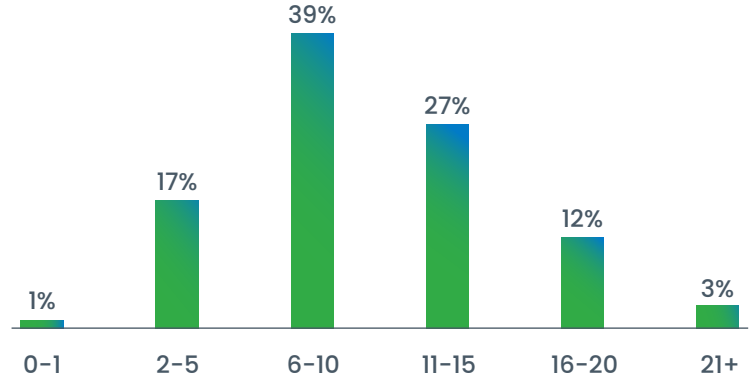
- Accounting
- Finance

Decision Maker Status

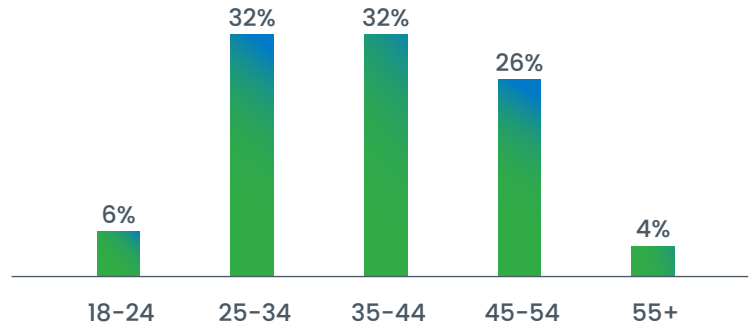


- Primary
- Shared

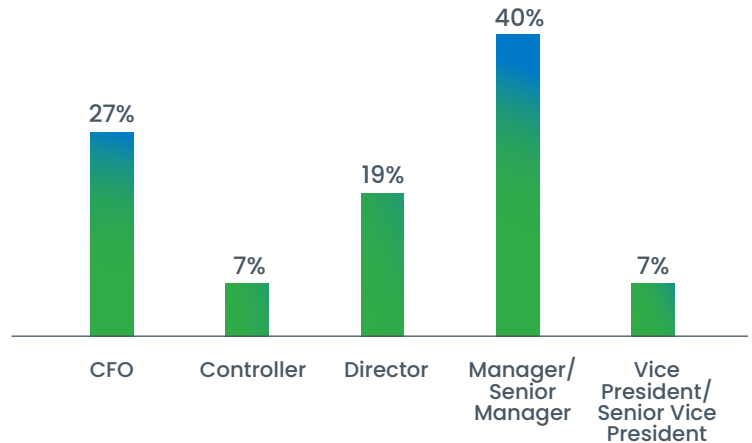
Years of Experience



Age of Respondent

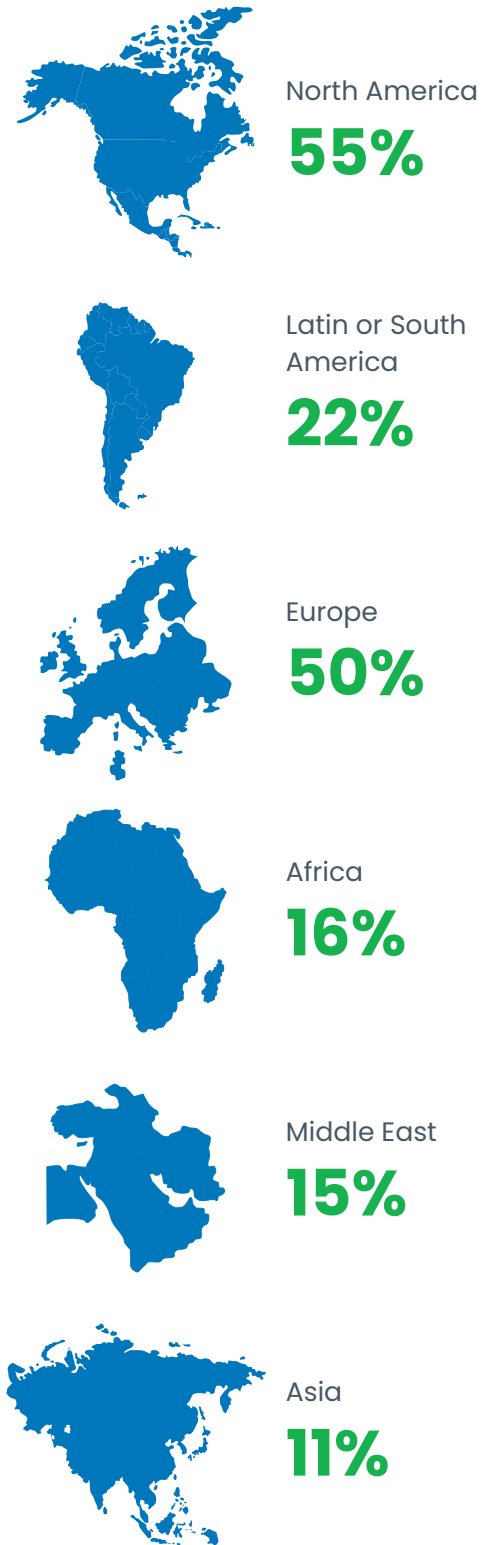


Job Role

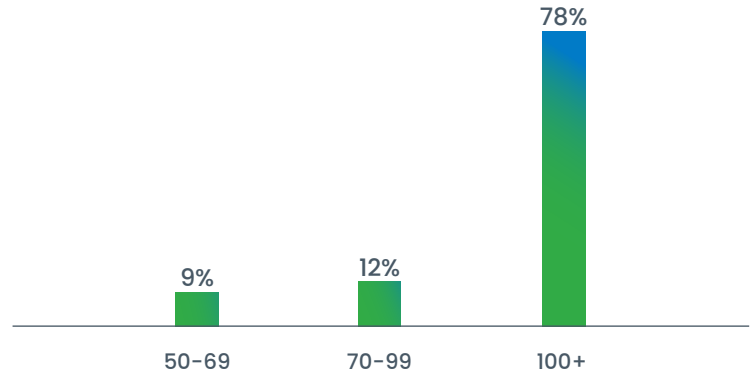


Respondent Business Characteristics

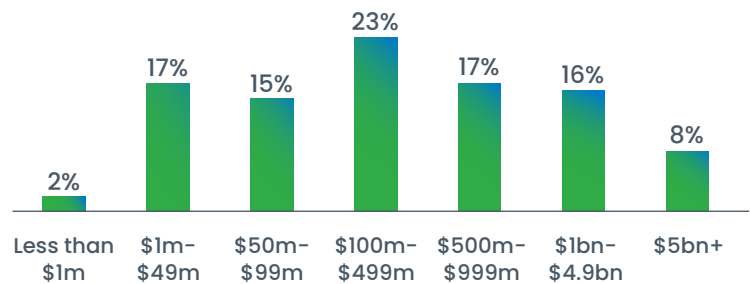
Regions Served



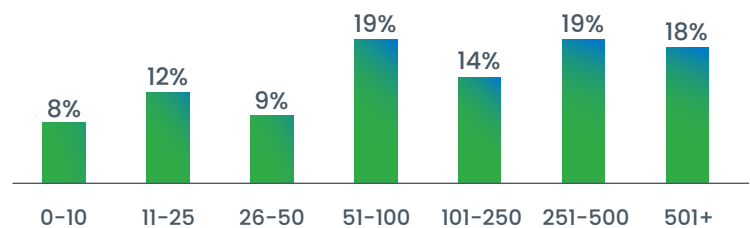
Organization Size (Employees)



Annual Revenue (USD)



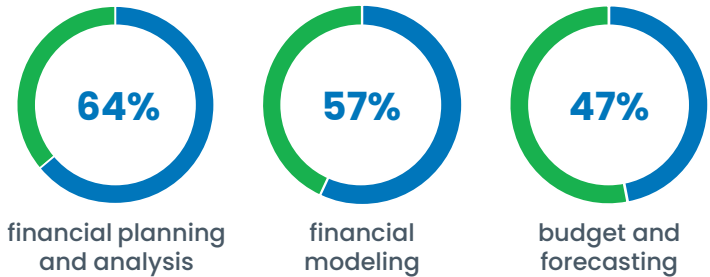
Business Units



3 Survey Findings

Role of the Finance Team

Two-thirds of respondents (64 percent) describe their departments' main function as financial planning and analysis, followed by financial modeling (57 percent) and budget and forecasting (47 percent.)

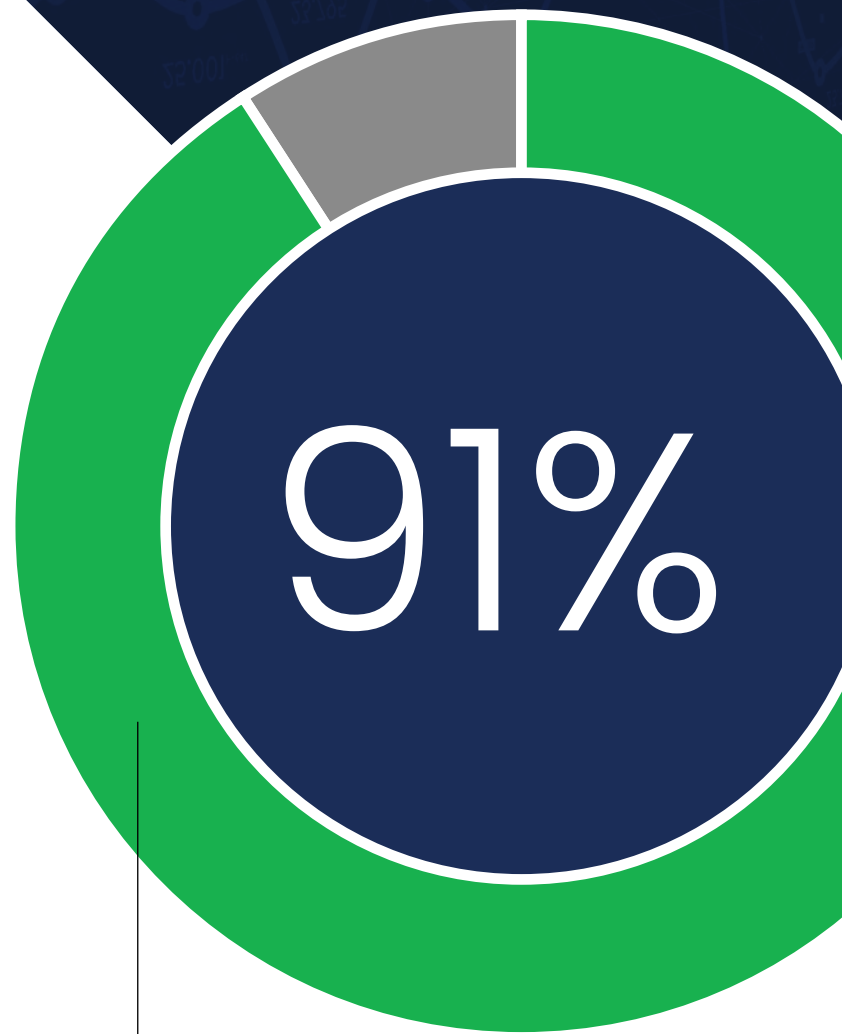


Financial Department responsibilities



Although the top three responsibilities finance teams handled remained the same when compared to 2021 findings, a few responsibilities became common to more organizations in 2022, the most prominent among them being strategic decision making—at 41 percent in 2022 compared to just 29 percent in 2021. Internal risk management was also on the rise, from 30 percent in 2021 to 37 percent in 2022. Short-term and long-term business strategy also increased (6 percent and 4 percent respectively) year over year. Mergers and acquisitions increased by 8 percent in 2022.

Despite the additional responsibilities, more than three-quarters of decision makers believe the processes used to address those responsibilities are either “very” or “extremely” effective, with the topmost effective processes being identified as bookkeeping (91 percent), capital management/treasury (87 percent), and management of company’s investments, internal audit/SOX compliance, and short-term business strategy all coming in at 85 percent.



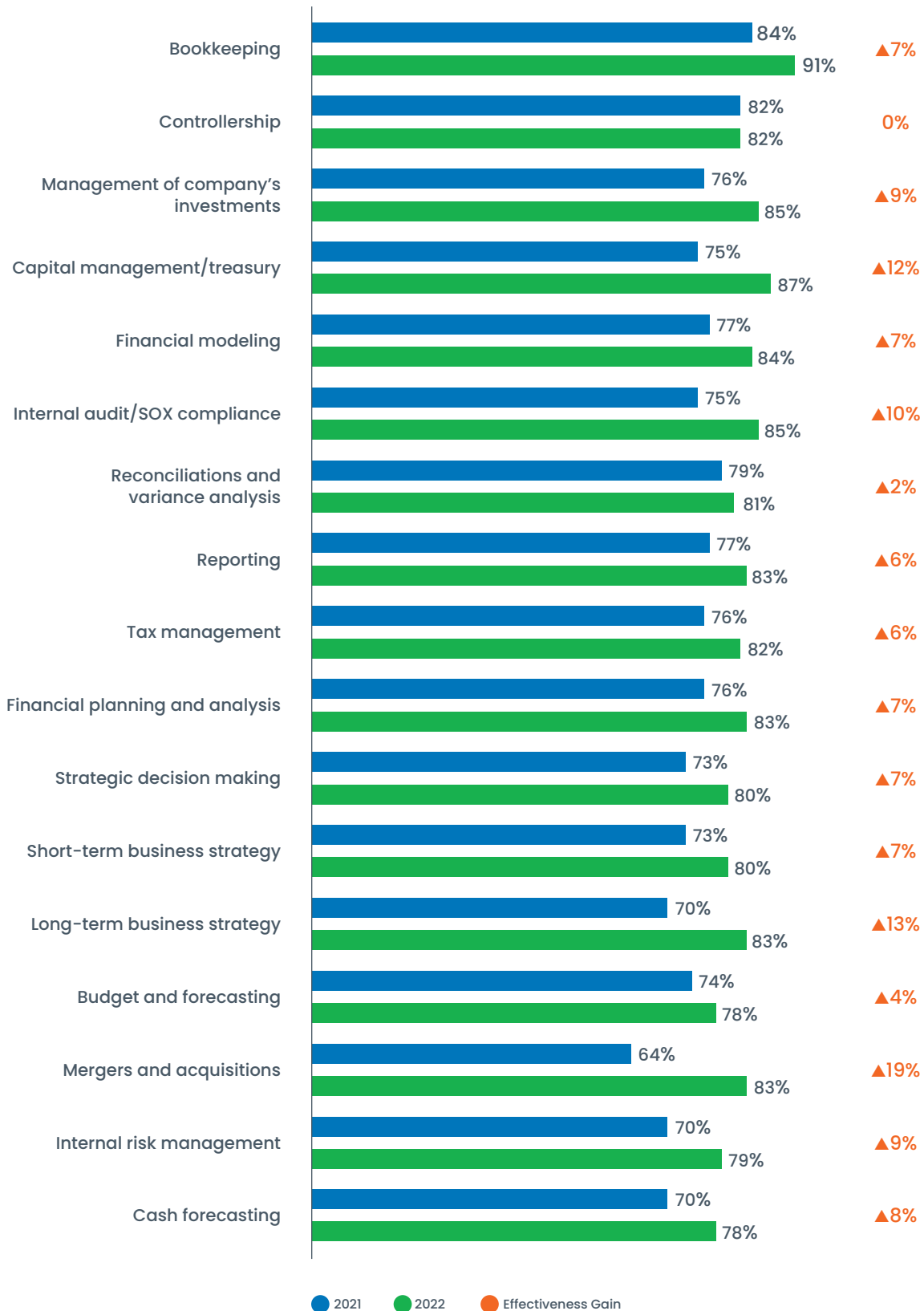
Even among those processes not identified in top spots, decision makers uniformly saw improvements in effectiveness of processes across the board in the past year (with the exception of controllership), indicating that progress is being made in the path to digitization of the Office of Finance.

91 percent of decision makers identified bookkeeping as topmost effective process

TAKEAWAY

North American finance teams are markedly more likely (at 73 percent) to be responsible for financial planning and analysis than EMEA teams (at 56 percent.)

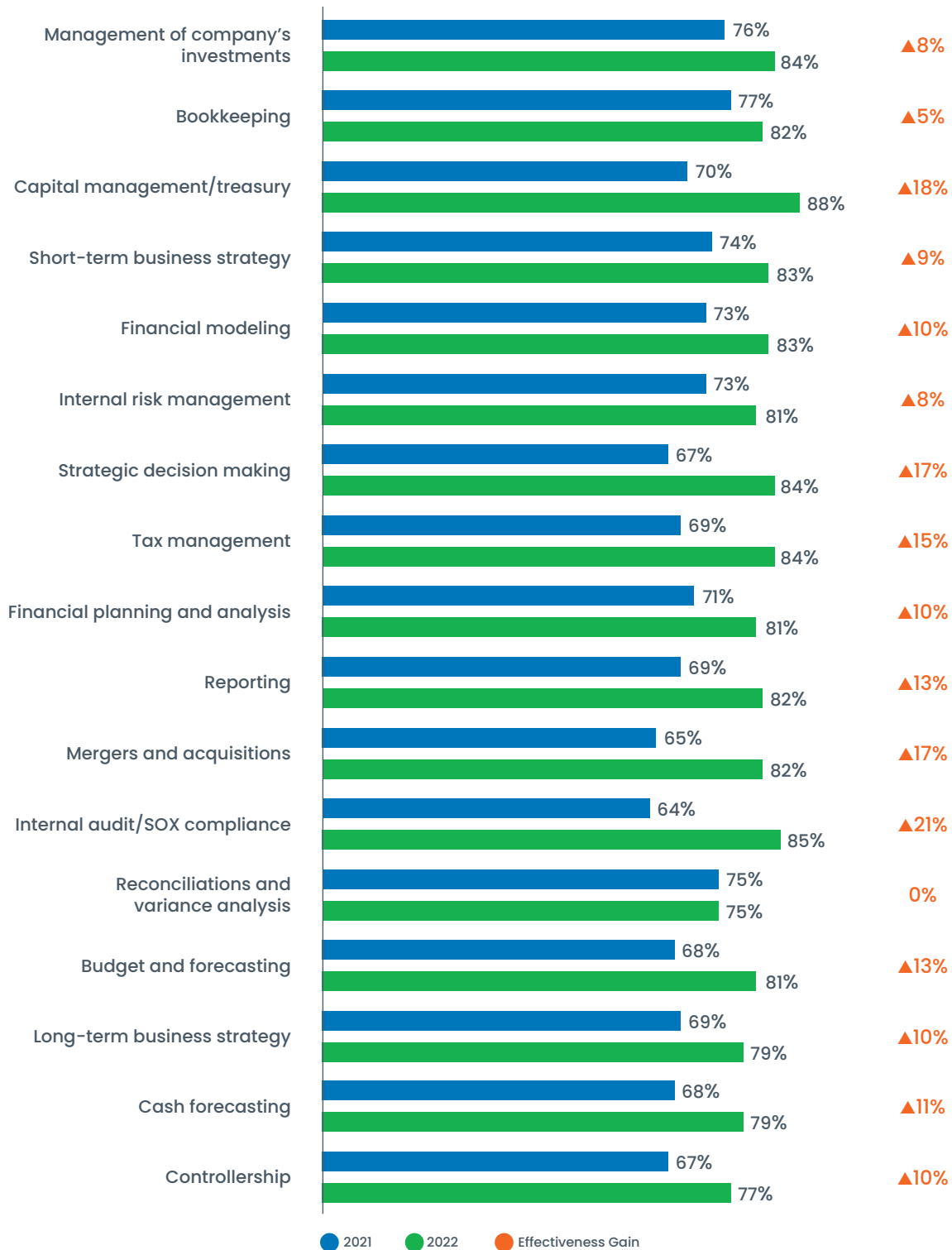
Effective Processes Year over Year Comparison

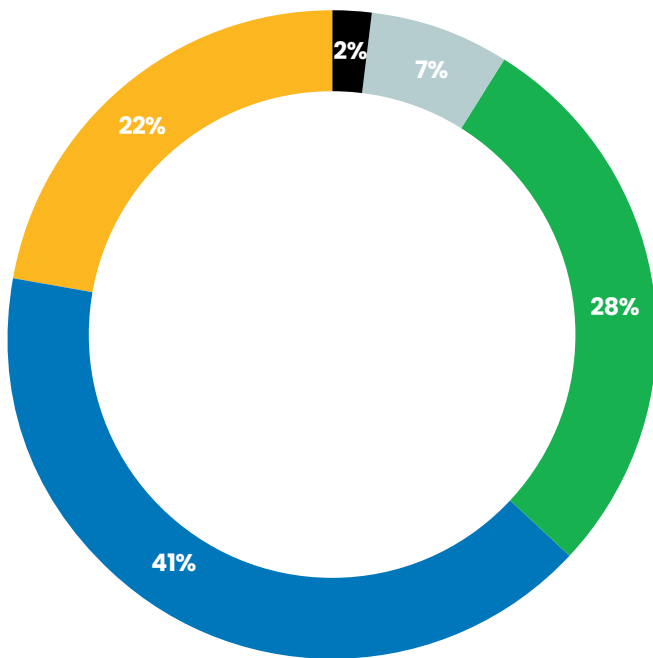


Finance teams also saw efficiency increases when compared with 2021 findings, with significant jumps in all categories, except for reconciliations and variance analysis.

These efficiency gains also point to forward momentum in the digitization journey for finance teams.

Effective Processes Year over Year Comparison





- Very low digitization
- Low digitization
- Some digitization
- High Digitization
- Very high digitization

TAKEAWAY

Finance teams in organizations across multiple industries have made significant progress in their digitization journey, and it is paying off in terms of effectiveness and efficiency. With 63 percent of finance decision makers reporting a high level of digitization, these gains are to be expected.

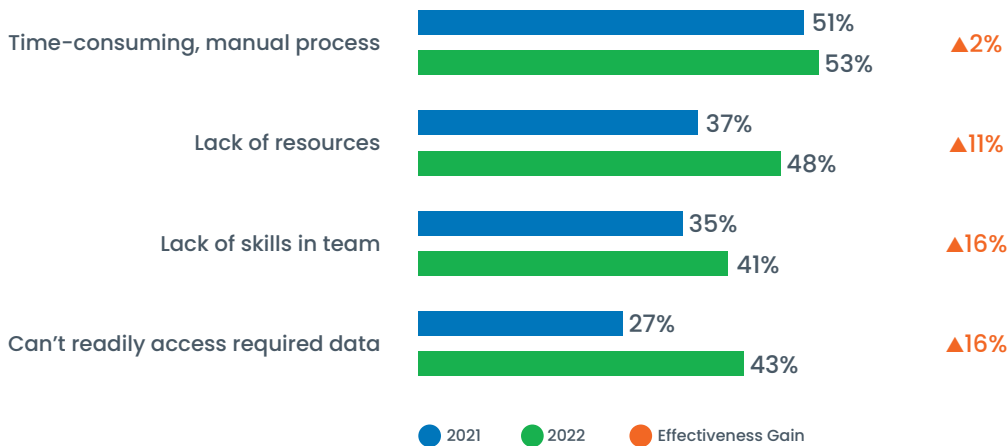
However, what about the other 37 percent? Nine percent of organizations report a “very low” or “low” level of digitization, meaning that they are still in the beginning stages of their digital journey. The other 28 percent characterize their level of digitization as “some digitization,” revealing that these organizations have miles to go to bridge the gaps and make it to the digitization summit.

The Challenge of Execution

Although most finance team decision makers report being capable of at least moderately executing on each of their responsibilities, only about half of teams can “completely execute” each task. That indicates there is still plenty of room for growth and improvement to make forward progress toward digitization and automation.

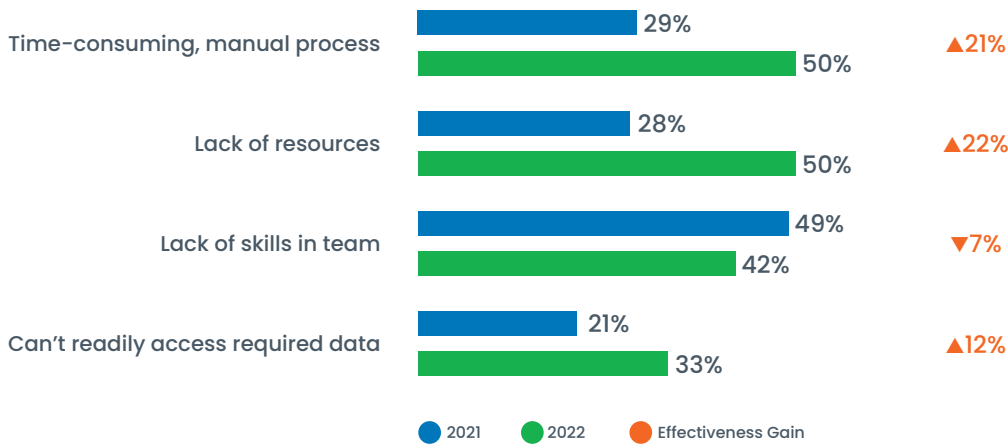
For example, half of finance departments cannot execute on capital management/ treasury-related tasks as they are limited by time-consuming manual processes, lack of resources, and lack of skills on the team. And the trend appears to be heading in the wrong direction when compared to 2021 figures.

Why Teams Can't Execute on Capital Management/ Treasury Tasks

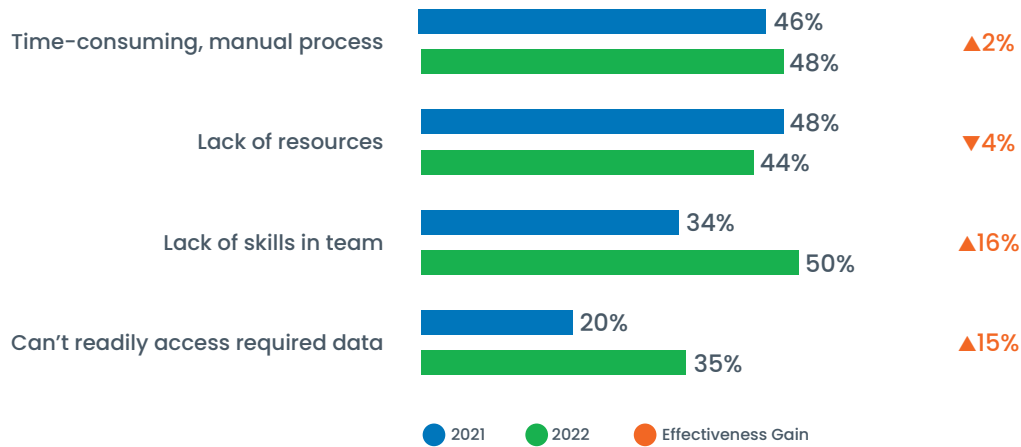


The picture looks much the same for financial planning and analysis-related and controllership functions.

Why Teams Can't Execute on Financial Planning and Analysis Tasks



Why Teams Can't Execute on Controllershship Tasks



TAKEAWAY

To increase effectiveness and efficiency across all finance team responsibilities, it is incumbent on finance teams to:

- Eliminate as many manual processes as possible.
- Invest in modern financial planning and reporting solutions that integrate with existing business systems.
- Allocate resources to training and developing team member skills to meet new challenges and needs as they emerge.

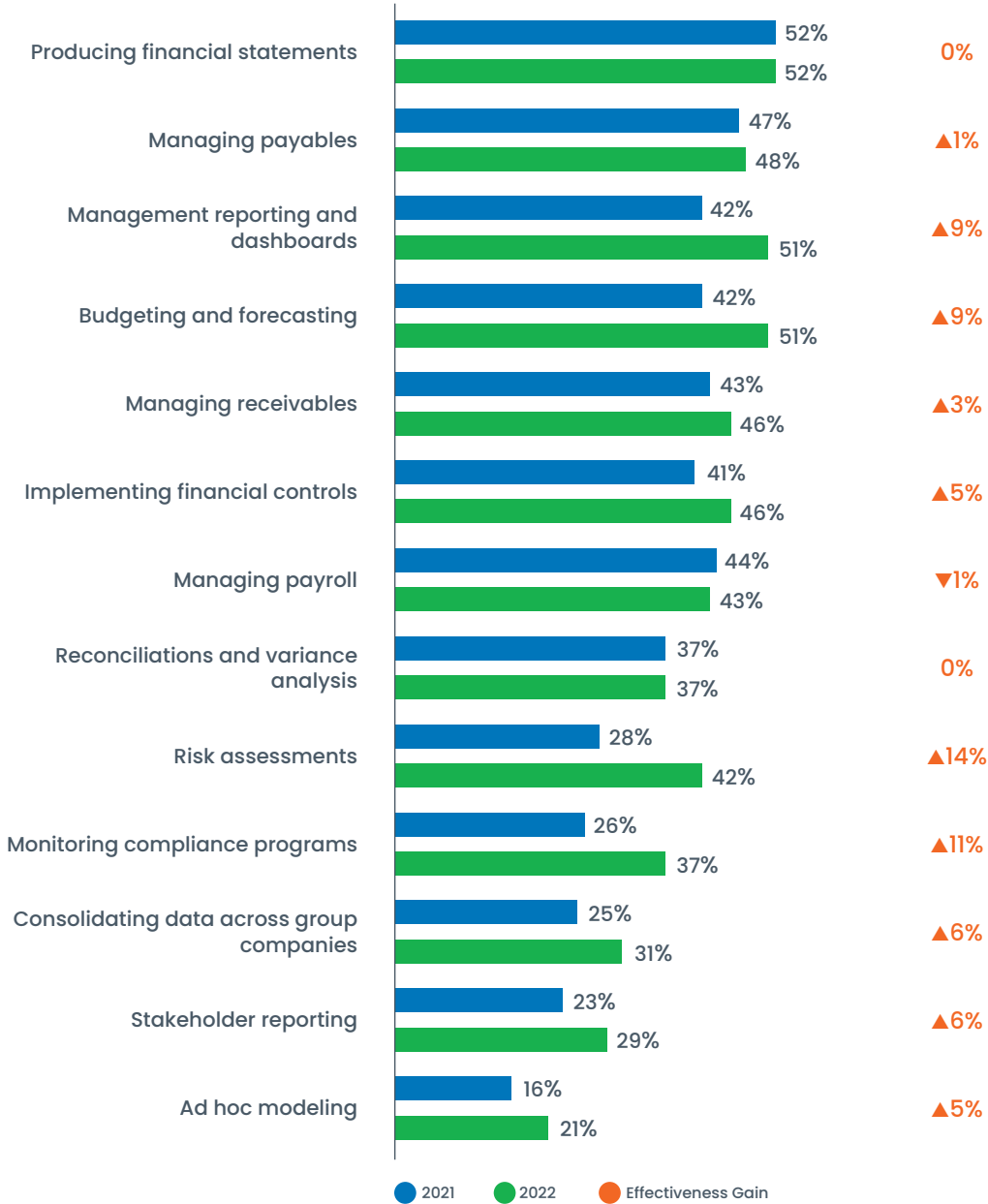


Job Function of the Finance Team

The daily tasks of finance teams are evolving. Although tasks that were common in 2021 still hold some of the top spots for tasks in 2022 (think producing financial statements and managing payables and receivables),

other tasks are becoming common as well, such as management reporting and dashboards, budgeting and forecasting, and risk assessments.

Finance Department Daily Tasks



Repetitive, manual processes still consume much time every day for finance teams. Although finance team leaders report spending 4 percent less time on producing financial reports than they did in 2021, they still spend over one-fifth of their weekly time doing so.

Risk assessments and budgeting and forecasting each take up 20 percent of time weekly, with managing payables and receivables and implementing financial controls each coming in just shy of 20 percent as well.

Finance Department Daily Tasks



TAKEAWAY

EMEA teams are more likely than North American teams to report spending time on budgeting and forecasting (24 percent vs. 15 percent), managing payables (21 percent vs. 16 percent), and managing receivables (22 percent vs. 17 percent) respectively.

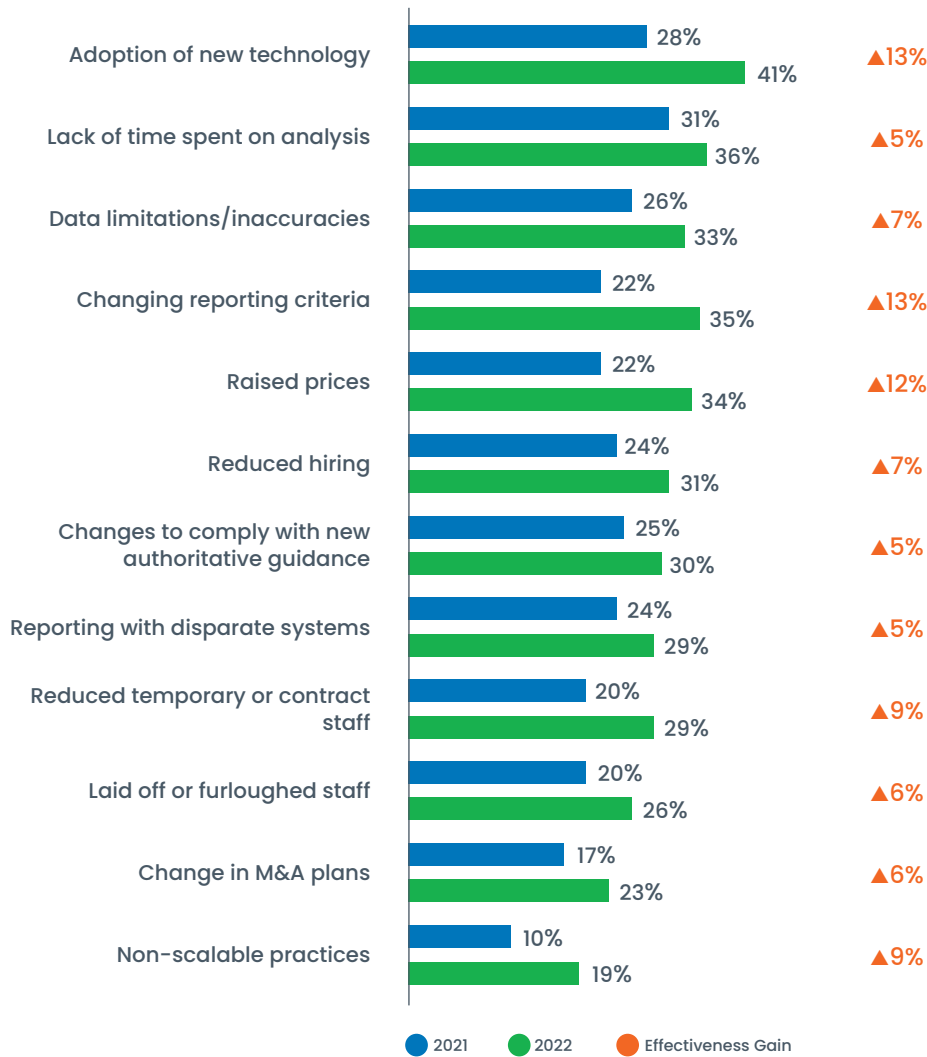


Challenges are also mounting for the finance team. The top five challenges respondents reported are:

- Adoption of new technology: 41%
- Lack of time spent on analysis: 36%
- Changing reporting criteria: 35%
- Raised prices: 34%
- Data limitations/inaccuracies: 33%

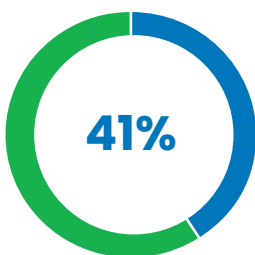
Finance team decision makers also report that they are more likely to face challenges across the board than they were in 2021.

Main Challenges Year over Year Comparison

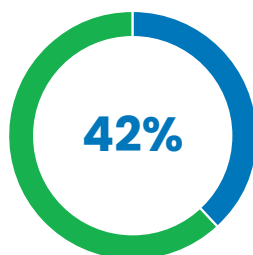


Top Priorities For Finance Teams

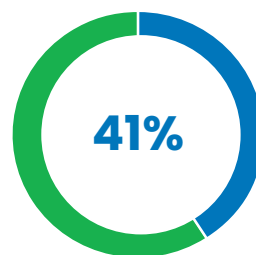
In tandem with managing new challenges, finance teams are also seeing a shifting of priorities and the related issues that come with those shifts. The top three priorities for finance remain the same as the priorities identified in 2021.



Balancing growth with profit effectively



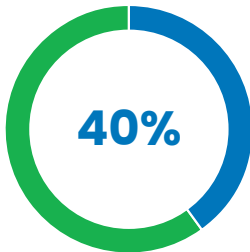
Enabling their organization to make flexible and timely decisions



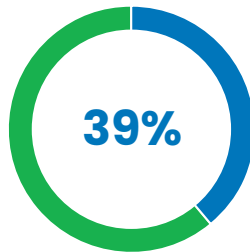
Increasing working capital

In addition to these continuing priorities, over one-third of finance leaders also list the following as priorities for 2022:

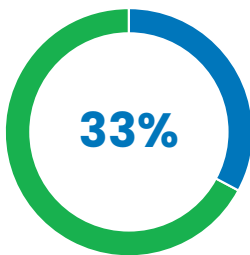
Team Priorities for 2022



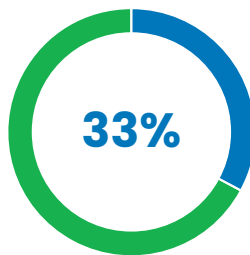
Automation of current responsibilities and tasks



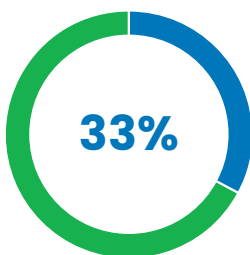
New budgeting and planning software



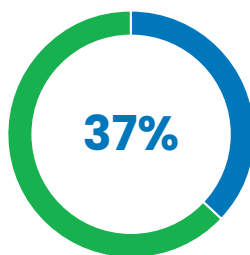
New tax reporting software



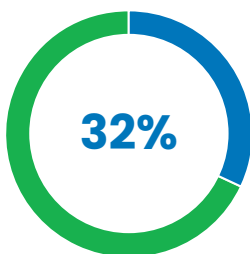
New ERP software



Enabling functional leaders to make informed decisions



Hiring and staffing



New global market expansion

To support these priorities, over three-quarters of finance teams either already have a budget or are currently finalizing a budget, with the top budget dollars going to new global market expansion (83 percent), enabling functional leaders to make informed decisions (81 percent), and increasing working capital (80 percent).

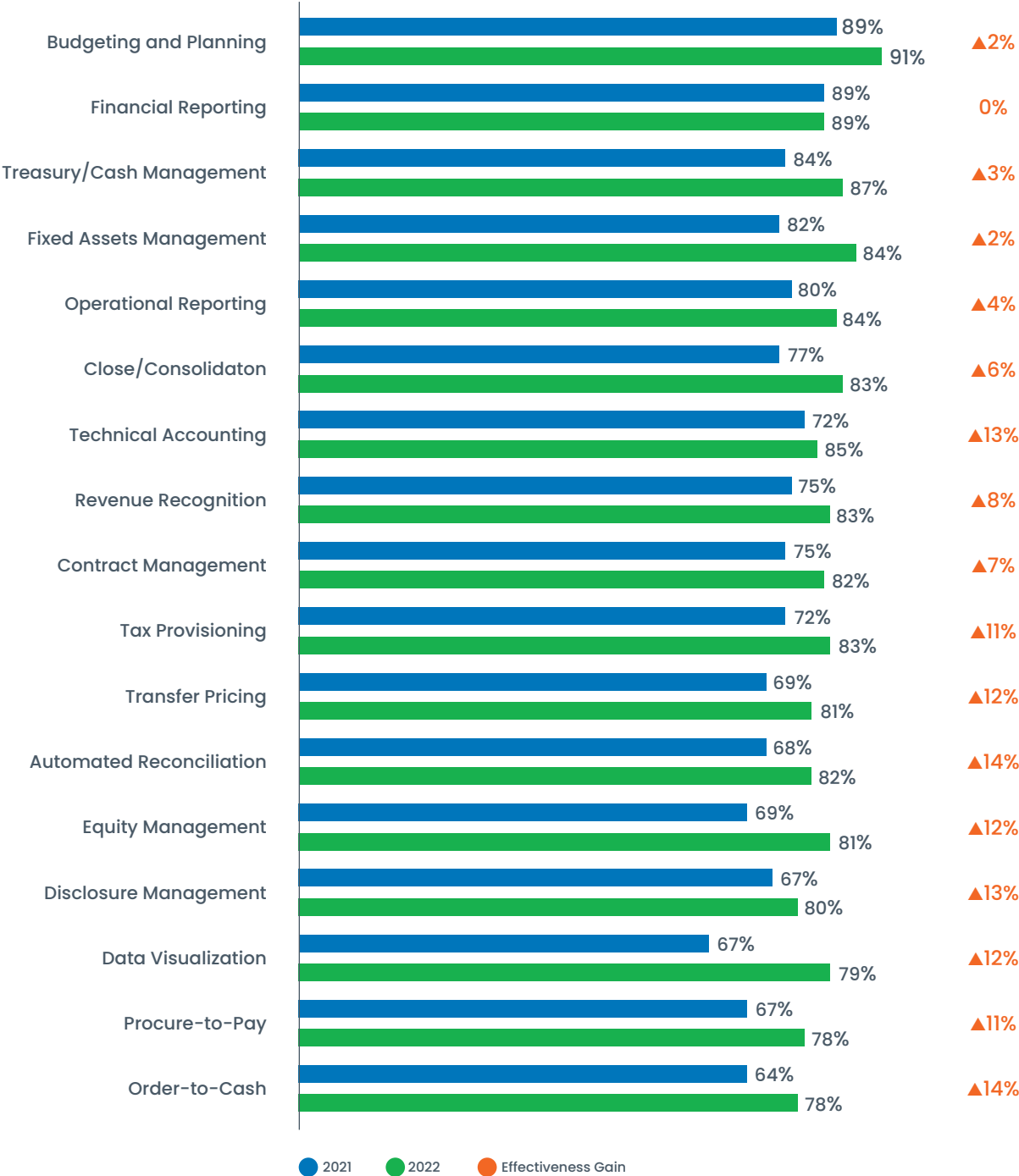
Purchasing new software also figures prominently in budgets, with new tax reporting software (79 percent), new budgeting and planning software (78 percent), and new ERP software (76 percent) topping the list of tools finance teams are looking to purchase.

Tools, Processes, and IT Dependence for Finance

As finance team leaders have seen the benefits of automating and digitizing processes where possible, they have added tools to their arsenals. Although budgeting and planning

and financial reporting solutions have become ubiquitous in the past few years for many organizations, now new tools are beginning to filter into the daily processes of finance.

Department Experience with Tools and Processes Year over Year Comparison



For example, 2022 finance departments are much more likely than 2021 departments to use close/consolidation (83 percent vs. 77 percent), transfer pricing (81 percent vs. 69 percent), tax provisioning (83 percent vs. 72 percent), and equity management (81 percent vs. 69 percent) tools.

Among organizations that use both financial reporting and budgeting and planning tools, 68 percent use two separate tools for those functions. However, half of finance decision makers would prefer to use one tool or program instead, while 38 percent prefer to use separate tools for separate tasks.

In the arena of financial reporting, three out of four respondents reported interacting with their IT department for financial reporting. Although 88 percent said they are satisfied with their relationship with IT, a whopping 80 percent agreed that the finance department is overly reliant on IT.

That's significant because over-reliance on IT leads to bottlenecks in financial reporting, hampering the finance team's ability to provide the real-time reporting and value-added analysis needed to give organizational leaders the insights they need for informed decision-making.

32%

use one tool for both



68%

use separate tools for financial reporting/budgeting and planning

The Future of Finance: A Two-Year Look

Considering the growing priorities of the finance department, it makes sense that 72 percent of decision makers expect an increase in staffing over the next two years. For those organizations anticipating a staff increase, common reasons for that expectation include:

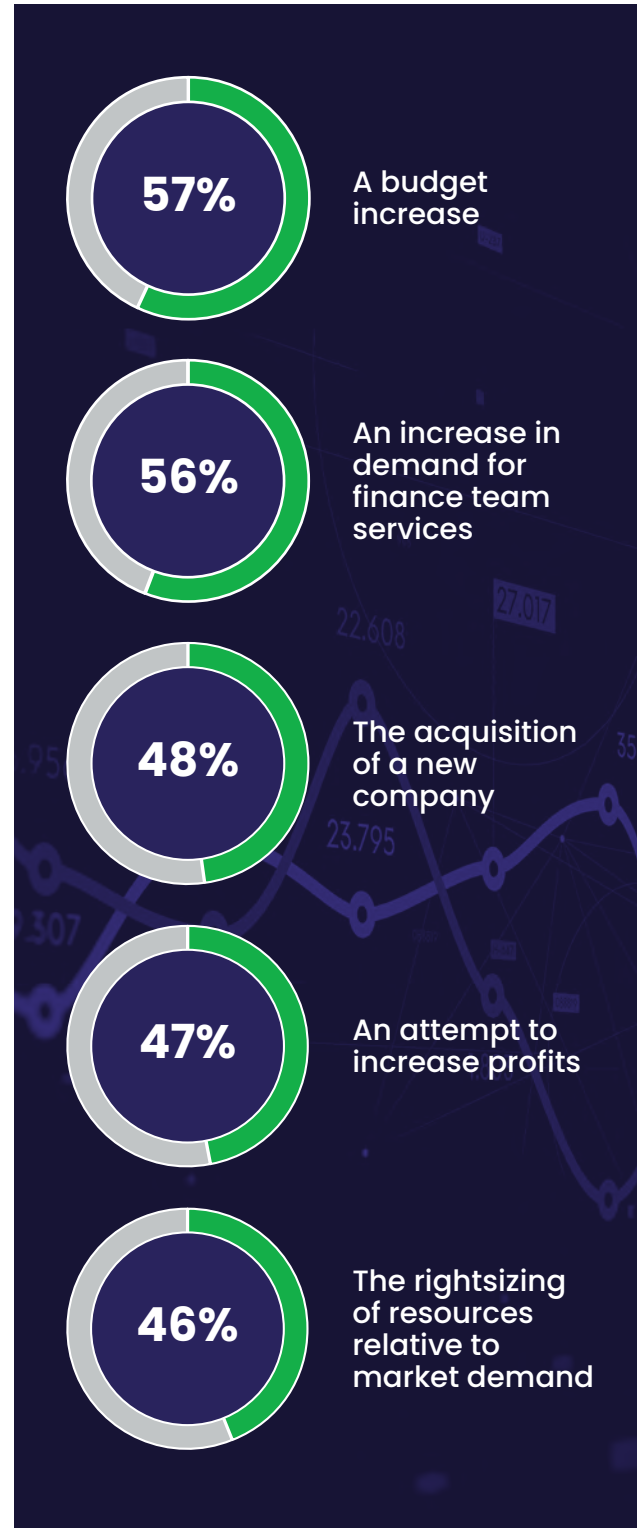
- A budget increase (57 percent)
- An increase in demand for finance team services (56 percent)
- The acquisition of a new company (48 percent)
- An attempt to increase profits (47 percent)
- The rightsizing of resources relative to market demand (44 percent)

Among the 17 percent of finance teams anticipating downsizing staff, the main reasons for a staff decrease include automation, cost reduction, and a decrease in budget.

TAKEAWAY

Whether organizations are looking to increase or decrease staff, it is clear that the Office of Finance must look for scalable, agile solutions to meet the ever-evolving needs of their organizations. Looking to the future, finance decision makers should seize every opportunity to automate processes when possible, freeing up resources for deeper analysis and strategic planning and forecasting.

Finance teams in North America anticipate significantly greater staff increases compared to those in EMEA (at 80 percent and 64 percent respectively.)



4 Conclusion

There is no shortage of challenges for finance teams as they move forward in their digitization journey, but there are abundant signs that teams that meet those challenges proactively are beginning to experience forward momentum in the form of increased effectiveness and efficiency.

insightsoftware helps finance and accounting teams all over the world solve their biggest challenges every day so they can take care of their top priorities. If your organization is seeking to extend budgeting, planning, and forecasting processes to a wider group of internal stakeholders, or if you are struggling with the chaos that naturally comes with manual budgeting and forecasting processes, insightsoftware can help.

[Contact us today.](#)

Although the adoption of new technology is the finance team's greatest challenge, it also presents finance decision makers with their greatest opportunities to achieve agility, scalability, and self-service capabilities that enable real-time reporting, deep-dive analytics, and faster decision-making.

Leveraging financial reporting tools and financial planning and analytics solutions that integrate with your existing business systems can streamline your workflows and buy back hours of time you now spend on tedious manual processes. What can your team do with that extra time? What challenges can you solve?

About Hanover Research

Hanover Research provides high-quality, custom research and analytics through a cost-effective model that helps clients make informed decisions, identify and seize opportunities, and heighten their effectiveness.

hanoverresearch.com

About insightsoftware

insightsoftware is a leading provider of reporting, analytics, and performance management solutions. Over 30,000 organizations worldwide rely on us to support business needs in the areas of accounting, finance, operations, supply chain, tax, budgeting, planning, HR, and disclosure management. We enable the Office of the CFO to connect to and make sense of their data in real time so they can proactively drive greater financial intelligence across their organization. Our best-in-class solutions provide customers with increased productivity, visibility, accuracy, and compliance.

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