



**High Tech CFOs:**

# **Evolving into the Future**

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# Introduction

After decades as the disruptor, the high tech industry faces significant challenges, and not just from COVID. Rapidly evolving customer demand, emerging technologies and blurring lines between industries were already putting tech companies under pressure to adapt.<sup>1</sup> The pandemic and mounting global tensions continue to add new layers. And while we adjust to the reality of managing constant volatility, the new normal is rapidly transitioning to the never normal. The good news is that these challenges present high tech chief financial officers (CFOs) with an unprecedented opportunity to play an essential part in positioning their organizations to thrive, now and in the future. By expanding their roles beyond their traditional functions, CFOs can play a strategic and highly valued role in helping their companies manage change and come out stronger and more competitive than ever before.



In “CFO Now: Breakthrough speed for breakout value,”<sup>2</sup> Accenture research revealed that most CFOs are elevating their roles and taking on new responsibilities. High tech CFOs, in particular, are clearly in the lead for embracing digital capabilities. Most are drawing on the digital fluency wound into the DNA of their companies to convert data to insights and lean into the role of trusted advisor across the enterprise. They’re aggressively applying modern tools such as artificial intelligence (AI) and machine learning (ML) to not only automate daily tasks, but also uncover new growth opportunities and “see around the corners” to the next major challenge.

Our research<sup>3</sup> also shows that there are further opportunities for high tech CFOs to elevate their roles. By expanding collaboration with stakeholders across

the enterprise, they can manage more complex and interconnected risks and help guide business strategy. To fully leverage their opportunities, they need to continue developing high tech finance talent, equipping team members with new skills and codifying new ways of working. High tech CFOs who build on their digital prowess, master cross-functional collaboration and prioritize talent development will be able to better collaborate with C-suite peers to drive strategic change with agility. They’ll provide the technical and business guidance to help their organizations manage the growing volatility of the modern business environment. These finance executives will distinguish themselves and differentiate their companies over the competition as they navigate the challenges of today’s never normal world.

# The CFO evolution

Every two years, Accenture conducts a global survey of finance leaders across industries to gauge their sentiments and produce our CFO Now report.<sup>4</sup> In the latest version, we surveyed a cohort of more than 1,300 CFOs across 15 industries, augmenting the data with qualitative interviews and analytics. This exercise took on a special importance given today's challenging business environment. The results uncovered valuable insights into how global forces and market dynamics are affecting CFOs and the companies they run.

Our research revealed<sup>5</sup> that elite CFOs are stepping up to guide the organization, moving beyond their traditional reporting duties to identify opportunities that drive value. As part of that transformation and in response to escalating responsibilities, CFOs are embracing three distinct roles: economic guardian,<sup>6</sup> architect of business value<sup>7</sup> and catalyst of digital strategy.<sup>8</sup>

Effectively executed, this evolution equips CFOs across all industries to rapidly pivot to new market opportunities and address new sources of disruption.

The impact can be significant: based on our analysis, CFOs who fully embody their new roles and operate effectively at breakthrough speeds could expect to almost double their EBITDA CAGR over a three-year period and

**increase their revenue CAGR by over 10%.**

## Shining a spotlight on high tech

Narrowing in on high tech, we see an industry experiencing an enormous amount of change. Consumers demand a constant stream of new and personalized products. The traditional lines between customer and supplier are blurring as industry convergence takes hold. The pandemic, natural disasters, trade wars, and geopolitical conflict have left supply chains in disarray. Meanwhile, high tech is on the rising slope of a massive demand spike from technologies such as 5G and the Internet of Things.

Historically, the high tech industry has been the catalyst of disruption, so being on the receiving end of disruption is a new experience. Given the increasingly central role CFOs play in helping enterprises navigate choppy waters, we analyzed our survey results for insights on the industry's response.

We observed a pair of interesting trends that are specific to high tech. First, high tech finance executives as a group are outperforming the larger CFO community in key areas around digital transformation.<sup>9</sup> Empowered by this digital savviness that is pervasive in high tech companies, these CFOs are more likely to capitalize on digital investments to streamline their operations and further adopt technology that supports predictive, data-driven decision-making. This set of capabilities positions them to exceed their peers in terms of their ability to fulfill the three roles that today's CFOs are asked to play in order to navigate volatility today and in the future.

Our second major finding was that while high tech CFOs outperform their peers in several areas, they still have an opportunity to further advance the goals of the organization in two key areas.

One area for improvement is to increase collaboration with their supply chain and operations colleagues. By supporting these key stakeholders with the data and insights that finance generates, CFOs can help the company manage risk and drive growth.

Another opportunity area for high tech CFOs is to focus on their talent agendas. The type of innovation and resilience required to thrive amid current business challenges calls for different skills and ways of working across finance. To innovate and help lead the charge for their organizations, high tech CFOs need to invest in training and staffing. They need to craft a strategy to ensure they have the right people and the right structure in place to take full advantage of the capabilities and infrastructure they are building.





# Areas where high tech CFOs excel

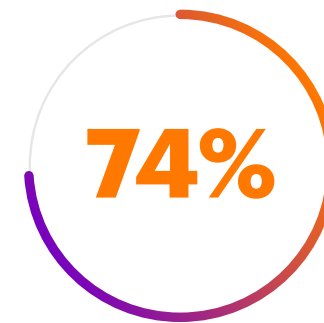
The unique role of high tech companies as digital innovators and champions keeps the focus on forward-looking technologies across the entire organization, including finance. This digital fluency has given high tech CFOs an edge over their peers in two key areas: unlocking the real value of data and adopting digital tools

## Unlocking the real value of data

High tech companies have a long history of digital and cloud investment. These capabilities are ostensibly to support the development of innovative products and services, but the resources and digital mindset extend across the organization. As a result, high tech CFOs are ahead of their fellow CFOs in using data differently to create value and provide new insights.

According to our survey<sup>10</sup>, high tech CFOs are 74% more likely than their peers to use AI to create new market insights. These high tech finance executives are consistently identifying and analyzing new data sets and delivering valuable insights to their C-suite peers to help place bets for the future and be prepared for a never normal world. They are more focused than their peers on analyzing market data and making connections between internal and external data sources in pursuit of insights that drive value from merger and acquisition (M&A) targets to emerging markets.

High tech CFOs are leveraging the awareness and expertise of data and analytics that exists across their organizations. They're going beyond one-off workstreams or projects to develop an enterprise-wide 'decision science' capability similar to 'sales effectiveness' or 'pricing excellence.' They take the digital expertise that is pervasive within the company and use it as a springboard to innovation.



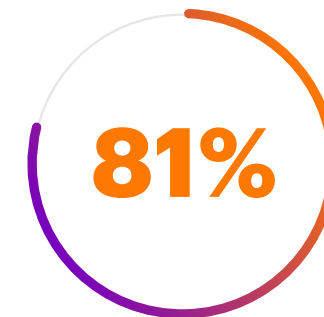
**of high tech CFOs are more likely than their peers to use AI to create new market insights**

## Adopting digital tools

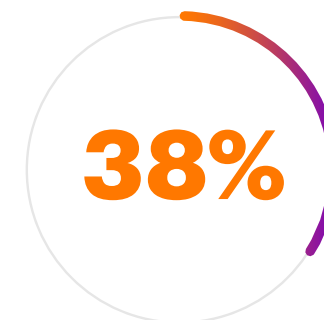
High tech companies are in the unique position of both creating modern tools such as AI, ML and cloud and also applying these tools to further the business. Our research<sup>11</sup> shows that because of this digital sophistication, high tech finance teams are more likely than their peers to be applying these new technologies. For example, 81% of high tech CFOs are using ML to process financial data versus 68% of overall CFOs. And 38% of high tech CFOs have successfully enhanced operational efficiency through AI and other technologies.

Across finance, high tech leaders are using digital tools to further their ability to partner with the business. This enables high tech CFOs to increase resiliency and navigate disruption by combining AI-based models with real-time data to visualize end-to-end value chains and business processes. Armed with these insights, they can uncover friction and root causes of errors, deviations, and value leakage. They are leaning in to find new and different

ways to harness the value of data, focusing on increasing efficiency and providing insights to collaborate across the enterprise. These capabilities help the finance organization be more agile in the face of changing market conditions and improves forecast accuracy.



**81% of high tech CFOs are using ML to process financial data versus 68% of overall CFOs**



**38% of high tech CFOs have successfully enhanced operational efficiency through AI and other technologies**

# Next areas of focus

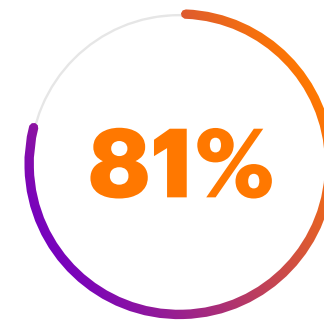
While high tech CFOs are operating from a strong base of expertise, our analysis shows that they have additional opportunities to advance the enterprise and the finance organization, while preparing for future challenges and change. As stated above, key action items include tighter collaboration with supply chain peers and a focused talent agenda.

## Anticipating revenue risks

High tech CFOs are ahead of other CFOs in collaboration and sharing insight across most of the C-suite. Survey data shows that 81% have a track record of providing data for risk analysis, compared to 70% of all CFOs. The one area where collaboration could improve is with their supply chain and operations counterparts. Our survey data shows that less than 20% of high tech CFOs are using data to manage operational risk. Additionally, only 35% of high tech CFOs are using data to assist the organization in preparing for future volatility.

The gap in collaboration with supply chain and operations is symptomatic of a need to overcome historical organizational silos and should be an area of concentration for finance teams. Looking forward, finance organizations should run analytics on internal and external data to identify potential

vulnerabilities and determine the possible impact on revenue projections earlier.<sup>12</sup> Finance teams need to use their access to data and expertise in analytics to help anticipate supply chain risk and its potential impact on revenue, applying all the tools at their disposal to help the organization “see around the corners.”



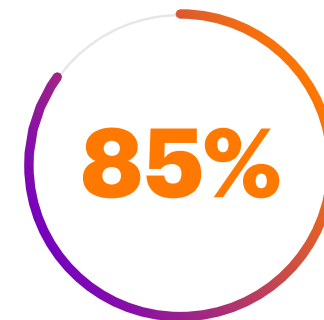
**81% of high tech CFOs have a track record of providing data for risk analysis, compared to 70% of all CFOs**

## Rethinking the workforce model

In today's business environment, talent is a strategic imperative. Our research<sup>13</sup> shows that high tech CFOs have a strong track record in expanding the skillset for finance professionals in many areas. They're more likely to recognize the need for the finance workforce to have nontraditional capabilities. For example, 85% of high tech CFOs are introducing skills such as analytics, value architecture and storytelling, versus 72% of all CFOs. The high tech CFOs put a greater focus on the ability to apply data to promote business agility. Rather than simply analyzing the data to understand the past, they seek to use information to determine what to do next. As we continue in this never normal environment, it's critical for high tech CFOs to continue investing in these new skills.

Early in the pandemic, high tech CFOs also led their peers in championing new ways to work such as virtual collaboration and telecommuting (83% versus 74%). The problem is that only one third have made these

modifications permanent. With the competition for talent intensifying, high tech CFOs need to consider how their teams want to work and lead the way in adapting their workplaces to best fit those needs. Talent will remain key in navigating the disruption the high tech industry faces. Building an engaged workforce with the right skills to perform their roles and the right work environment where teams can thrive will be a competitive advantage for high techs that get it right.



**of high tech CFOs are introducing skills such as analytics, value architecture and storytelling, versus 72% of all CFOs**

# Conclusion

Volatility is a fact in this never normal world. This particularly holds for high tech companies, which face a unique set of challenges ranging from a rapidly evolving competitive landscape to massive demand spikes to reimagining their business models. According to our CFO Now research<sup>14</sup>, high tech CFOs are tackling these challenges head on, transforming their roles and increasing their ability to provide insights to the C-suite. While this elevation is consistent with what peers from other industries are doing, our data shows that high tech CFOs are pushing the envelope. Powered by the digital prowess inherent to high tech companies, these CFOs have become the leaders in unlocking the value of data and adopting digital tools in finance. However, opportunities do exist for them to further excel and realize the promise of the moment. High tech finance executives need to focus on tighter collaboration

with the operations and supply chain organizations to mitigate risk and help navigate disruption. They also need to continue retooling the finance organization, moving beyond traditional roles, and investing in their talent strategies including different ways of working.

Taking these actions can help high tech CFOs further solidify their position as strategic advisors across the C-suite and increase the competitive position of their companies. These expanded roles will continue to elevate high tech CFOs and enable them to be instrumental in guiding their companies through future disruptive forces that may come their way.

Are you and your finance teams ready to evolve into the future by turning never normal challenges into opportunities?

## Authors



### **Annie Peabody**

Managing Director—Strategy and Consulting, CFO & Enterprise Value



### **Eric Noren**

Managing Director—Strategy and Consulting, CFO & Enterprise Value



### **Michael Di Stefano**

Manager—Strategy and Consulting, CFO & Enterprise Value



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