4 Key Takeaways

17 Toronto-based CFOs and finance leaders participated in a peer discussion focused on the evolving role of the CFO at PE-backed businesses, the ideal structure for finance teams, the advantages of outsourcing vs. centralizing specific finance functions, innovative fundraising strategies, and how AI can speed financial analysis while driving significant cost savings. Here's a summary of the key points we gathered from their conversation:

1 'Standing in the financials,' gives CFOs a unique perspective for guiding strategy

Financial data reflects the output of the business through numbers, playing back to business leaders a dynamic look at how operational strategies are or aren't translating into results. This strategic role of the numbers means CFO's are in a position to both monitor operational performance and inform it – surfacing insights, ensuring alignment with objectives, and detecting issues early. "Standing in the numbers" in this way unlocks the potential for financial data to power the full progression from Information->Insights->Prediction-> Accountability (IIPA) that drives performance and expands visibility for the Executive team and the Board.

2 One-size-fits-one (more than all) when navigating complex trade-offs of scaling

Finance leaders around the table shared best practices on key issues where there's no single 'right' approach (*see page 2*) but proven examples to draw from are valuable. Topics included determining optimal Finance team size, deciding whether to outsource, automate, or centralize Finance functions, and weighing technology investments against hiring additional staff. They also discussed balancing growth with profitability and evaluating funding options. Across all the view was that these are complex, multifaceted challenges, requiring a blend of experimentation tailored to the business and integration of best practice.

3 Deep segmentation, reliable data are key for forecasting and performance monitoring

Effective performance measurement relies on detailed segmentation of key metrics, allowing Finance to pinpoint high-margin customer segments and optimize sales strategies. This granular approach, increasingly applied across functions, enhances decision-making and forecasting accuracy. However, manual segmentation setup remains labor-intensive. Leveraging CRM and billing data can help, though data quality and structure are essential. Building reliable, detailed data models takes time but ultimately aids in market targeting and strategic customer prioritization.

4 AI's efficient analytic capabilities and cost-savings is making it a key consideration.

Participants foresee AI creating a hybrid finance model, automating roles like book-keeping and AP, reducing reliance on in-house staff and outsourcing. FinQore's CTO Jim O'Neill highlighted current AI applications in Finance, including customer segmentation, board deck automation, benchmarking, and forecasting. While AI excels at generating data points, it lacks context. Finance teams can enhance their strategic value by combining AI-generated insights with their contextual understanding to build robust narratives and analyses.

Top Challenges Surfaced by CFO's and Ideas Shared for Best Practices

In a pre-event survey, CFOs identified top-of-mind issues they wanted to discuss with peers. These topics were explored through focused breakout sessions, facilitating small group idea-sharing around best practices.

1 Proactively anticipating future challenges to drive strategic guidance

CFOs agreed that their proximity to financial data provides a unique vantage point to monitor performance, assess alignment with objectives, and preempt potential issues. However, balancing daily finance tasks, like budgeting & FP&A, with strategic planning remains a constant struggle. They questioned how Finance can stay ahead of issues while buried in day-to-day operations. Additionally, with lean teams, Finance can't be closely working with all operating teams, making early problem detection challenging.

BEST PRACTICE IDEAS

In lean finance teams, *CFOs should focus on being approximately right, not exactly wrong. For this:*

- *Analyze a few simple KPIs (e.g., margins, revenue per employee, burn multiple, CAC) that can help facilitate a discussion with business teams.*

- *Compare multiple KPIs like margins, CAC, burn-multiple to see if the math works or if it surfaces hidden issues like a software business functioning more like a services business that claims to have a good product but significantly lower margins, lower RPE and high burn.*

2 Determining ideal finance team size and structure

CFOs sought guidance on determining the ideal finance team size and structure. They emphasized challenges in hiring and retaining skilled personnel for roles such as bookkeeping, AP, and AR. The discussion explored trade-offs between outsourcing these functions to cost-effective partners vs. centralizing them in-house. The latter option allows for tighter oversight of financial operations, particularly crucial in complex, multi-regional businesses.

BEST PRACTICE IDEAS

- *Tailor finance team size to operational demands and business complexity, not just revenue.*

- *Strategically outsource functions that lack natural career progression (e.g., bookkeeping, AP, AR). This approach can provide consistency, reduce turnover-related disruptions, and can be more cost-effective.*

- *Implement a hybrid model that combines outsourcing, automation and in-house expertise. This approach allows for scalability while allowing for ownership and accountability.*

3 Strategic funding considerations in today's challenging market

CFOs discussed key considerations in today's fundraising environment, emphasizing the balance between growth, profitability, and achieving cash-flow breakeven before seeking funding. They noted that beyond operational needs, funding might be required to provide liquidity to founders and management, especially given extended exit timelines. Moreover, in response to higher interest rates and limited private market capital, CFOs are exploring financing options beyond traditional Venture Capital and Private Equity.

BEST PRACTICE IDEAS

- *Balance growth vs. profitability based on the amount of capital at your disposable and amount of risk you are willing to take.*

- *In the current environment, CFOs should consider alternative funding options like convertible notes and debt financing. Some banks are offering off-market debt deals with excellent terms, similar to venture capital firms.*

- *Successfully raising debt from banks often necessitates strong relationships. Additionally, it's wise to approach multiple banks to secure the most competitive terms.*

CFOs Weigh-in on the Data Challenge

Before the Roundtable, we invited finance leaders to share their insights on the data challenges within their organizations. First, we inquired about the significance of having data "always ready" for use and then asked them to evaluate their current status on achieving this readiness.

8.5

How important is it that your financial data is in an "always-ready" state for you to put to use?

5.1

How close would you say your data is today to an "always-ready" state?

0	5	10
Not At All	Somewhat	Very

We then asked finance leaders to rank, from most difficult to easiest, the crucial tasks required to ensure a continuous stream of clean, segmented, and accurate data for strategic decision-making and proactive actioning for Finance as well as other operating teams within the organization.

While they shared answers, CFOs were also quick to note that all these tasks are both hard and important today. So there's not a lot that separates top from bottom in terms of priority.

The tasks ranked in order of being most challenging included:

1. Having our data complete and segmented enough to help us generate insights we can confidently act on.
2. Consolidating our data into a single source that all functions can access.
3. Setting up the data so it can alert us to changes and signals we should pay attention to.
4. Enabling other functions to use the data without breaking something and compromising data integrity.
5. Making sure the data's accurate and reliable.

# Deep Dive: AI implications for Finance *(Quick Highlights)*

Jim O'Neill, FinQore's Co-founder and CTO, did a deep dive into AI. Here are a few key takeaways: Jim offered key insights on balancing AI's potential with practical, results-driven strategies. He noted the importance of managing AI expectations, especially as chatbots and reasoning capabilities improve, and highlighted the "hype cycle" that sometimes leads to unrealistic beliefs about AI's immediate capabilities. While AI can automate repetitive tasks, it still requires human oversight to add critical context.


With 50% of all VC funding in the first half of 2024 directed toward AI businesses, the discussion highlighted a significant investment shift. Investors are increasingly posing three key questions:

1. How 'AI-proof' is your business?
2. What AI opportunities are you investing in?
3. What percentage of your customer base is AI-proof and likely to exist in five years?

This trend underscores the need for CFOs to prioritize AI-readiness in their strategic planning, especially when pursuing funding.
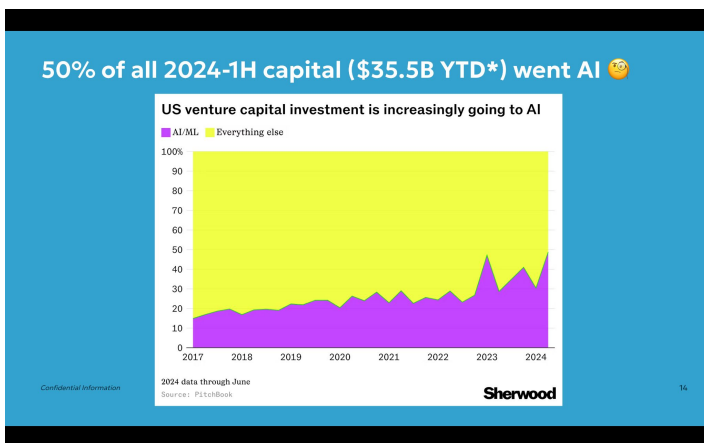
Jim highlighted how Finance can harness AI to transform routine workflows and extract deep insights efficiently. He introduced FinQore's AI-powered financial analyst, 'Qori'. Qori generates fully annotated, board-ready decks in just 2.5 minutes, drafts detailed board updates, and conducts financial deep dives, including performance benchmarking against comparable companies, all within seconds. These capabilities accelerate insight extraction while delivering substantial time and cost savings.
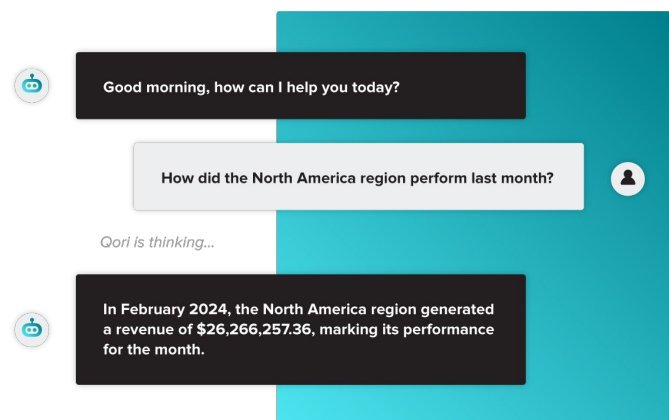
Thrive in 2025 With the Right Strategic Partnership

As 2025 approaches and with its share of unknowns, FinQore is here to help you navigate these changes and guide your business to growth and resilience.

Let's Connect