

CFO Roundtable

Key Takeaways

Boston, MA | April 2025



Key Takeaways

At our CFO Roundtable in Boston, 12 finance leaders gathered to discuss strategies for navigating current recessionary concerns. Topics included cash retention, investing in growth, Rule of 40, and a focus on quality of revenue, concluding with a discussion on AI's role in transforming finance operations and driving efficiency.

Jim Kelliher, former CFO of Drift and LogMeIn, kicked off the Roundtable by sharing insights from his experience navigating companies through challenging economic periods—including the 2008 financial crisis and the COVID-19 pandemic. He set the tone for a lively and thoughtful discussion, summarized below:

1 Leadership in Uncertainty: Instilling Confidence Across the Board

Jim highlighted the critical leadership role CFOs play during periods of uncertainty, referencing the Navy SEALs' mantra that "calm is contagious." Beyond financial oversight, CFOs must bring a steady, transparent voice that instills confidence across the organization. By communicating openly about the company's financial health, leaders help align internal teams and reassure external stakeholders. This clarity fosters trust, promotes alignment, and helps maintain morale during difficult times.

2 Strategic Cash Management: Preparing for the Unexpected

A key theme was the importance of liquidity and disciplined spending in today's uncertain economic environment. Jim outlined strategies for managing burn and cash flow in real time, often deferring discretionary expenses such as hiring or marketing, until revenue visibility improves. At the same time, he cautioned against cutting too deeply, emphasizing the need to balance near-term savings with long-term investment. Prioritizing profitable segments and high-return initiatives was seen as critical for maintaining resilience and positioning for recovery.

3 Proactive Planning: Spotting Early Indicators of Change

Scenario planning and early-warning indicators emerged as essential tools for anticipating revenue slowdowns and adjusting strategies accordingly. Attendees emphasized the value of monitoring key metrics—such as usage data, sales cycles, and marketing efficiency, to detect shifts in performance. Being able to pivot early, whether by adjusting spend or doubling down on profitable customer segments, was viewed as critical to maintaining control in unpredictable markets.

4 Growth Amidst Constraints: Investing for the Future

While cost control remained top of mind, there was strong agreement that companies shouldn't sacrifice long-term growth. Strategic investment in product and go-to-market was viewed as essential, so long as it's supported by clear performance metrics. Jim stressed the importance of allocating capital where the impact is measurable, enabling companies to maintain momentum despite economic headwinds. The consensus: staying disciplined doesn't mean standing still, focused investment is key to staying competitive and emerging stronger.

5

The Rule of 40 and Quality of Revenue (QoR) Balancing Growth, Profitability, and Sustainability

Vipul Shah, CFO & Co-Founder of FinQore, led an in-depth discussion on the Rule of 40, emphasizing that it's not just a benchmark metric, but a critical guide to ensuring businesses grow efficiently while maintaining financial health. The discussion covered key insights on balancing growth with profitability, managing investor pressures, and focusing on quality of revenue to secure long-term success.

Below are the key takeaways from this insightful conversation:

- **Growth vs. Profitability Balance:** The Rule of 40 acts as a crucial metric for balancing revenue growth and profitability (EBITDA margin). CFOs emphasized that companies meeting the Rule of 40 are seen as more financially stable and attractive to investors, as they demonstrate strong growth while remaining profitable. However, CFOs cautioned that pursuing aggressive growth at the cost of profitability, could negatively impact valuations, especially in tightening markets where investors are more risk-averse. **The key takeaway: if you can maintain positive EBITDA margins (ideally >15%) and can deliver sustainable growth (ideally >25%), the investors will reward you handsomely for that.**
- **Hitting the Rule of 40 in 2025:** Attendees discussed how businesses can still achieve the Rule of 40 despite today's macroeconomic headwinds. Emphasized ramping up sales efforts by sharpening the ICP to target high-LTV, profitable segments, closely tracking buying signals, and leveraging partner networks to grow. On the customer side, CFOs advocated for deeper engagement, delivering greater value to impact outcomes, and consistently reinforcing ROI. Internally, CFOs stressed the importance of mission alignment, closely leading indicators, and rewarding disciplined expense management.
- **Applicability Beyond SaaS:** Traditionally, the Rule of 40 has been most applicable to SaaS companies, but CFOs noted its growing relevance across other sectors, as companies increasingly face pressure to balance growth with profitability. While the Rule of 40 combines revenue growth and profitability, the Rule of X allows companies to weight revenue growth, adjusting the Rule of 40 to suit the unique growth dynamics of various industries, business models, and stages of company development.
- **Investor Pressure:** Private equity investors are increasingly using the Rule of 40 and Rule of 65 as a benchmark to evaluate whether a company is effectively managing the balance between growth and profitability. CFOs shared that in uncertain times, investors are becoming less tolerant of companies that prioritize growth at all costs, particularly if it leads to unsustainable cash burn. This shift in investor sentiment underscores the importance of proving that growth is not only achievable but also profitable and sustainable, reducing risk and ensuring the company can weather market fluctuations without compromising financial stability.
- **Focus on Quality of Revenue:** Finance leaders emphasized the importance of focusing on quality of revenue, not just growth. CFOs highlighted the need to evaluate customer retention, net revenue retention (NRR), and marginal revenue, aiming for stable, sustainable, and predictable revenue streams. Companies should prioritize retaining profitable customers and avoid relying on volatile growth. Vipul shared how FinQore helps its customers measure and monitor quality of revenue, enabling CFOs to make data-driven decisions on where to focus growth and optimize profitability.

Deep Dive: AI implications for Finance (Quick Highlights)



Jim O'Neill, CTO & Co-Founder of FinQore, led a fast-paced, live demonstration of AI, showcasing what's possible today, what's coming next, and how finance teams can adopt it safely.

AI Agents: Transforming Finance Operations

Jim showcased how AI agents, such as OpenAI's Operator, can now autonomously complete tasks. He shared how FinQore's AI Financial Analyst, "Qori", fully automates financial processes, including revenue recognition, financial analysis, and providing predictive insights, reducing manual effort and enhancing strategic focus for CFOs and their finance teams. Jim believes that in the next 12-24 months, AI agents will handle more complex tasks, such as procurement automation.

Preparing for AI: The Crucial Role of Data Readiness

Jim discussed the concept of AI-ready data, emphasizing that it must be structured, clean, consistent, and easily accessible for effective AI implementation. For AI to provide reliable insights, data needs to be organized in a defined format, free from errors, and consistent in naming conventions and units of measurement. Additionally, the data should be comprehensive and include all necessary variables for accurate analysis. Jim highlighted that AI-ready data is crucial for businesses to leverage AI for optimized decision-making and operational efficiency.

Key Challenges in AI Adoption: Privacy and Security

CFOs emphasized the need for robust security protocols, including acceptable use policies, and full compliance with industry regulations to safeguard sensitive financial data. As AI tools become more integrated into finance operations, it is crucial that companies protect both their data and their clients' information by ensuring secure, private data environments.

Agent Terminology

- **Agents (FM)** work autonomously
 - Data Entry and soon Data-Crunching
- **Orchestration** coordinates tasks
 - Within and across agents
- **MCP Model Context Protocol** - a standard
 - Bridges agents and existing software
- **Memory** allows **persistent personalization**
 - Behave as their human workers
- **Security considerations**
 - Many Agents need **your credentials**
- **Supplants RPA** (robotic process auto.)
 - Many leverage "headless" browsers
- **Agents exist in AP/AR Functions today**
 - Invoice processing, Data Entry

Confidential Information

What are the current capabilities and limitations of AI Agents today. Provide a list of.

1. **Pro Search** (S) Search (S) 10 steps
AI agents in 2025 demonstrate advanced automation capabilities but face significant implementation challenges. These systems struggle to integrate learning, tool utilization, and continuous learning into their workflows, particularly in finance, where they're transforming fraud detection, trading, and customer service. However, limitations around data integration, ethical concerns, and operational reliability remain substantial hurdles.

Current Capabilities of AI Agents

1. **Autonomous task execution**: Agents break down complex objectives into actionable steps using iterative cycles of thought-action-evaluation (S-E).

2. **Memory**: Agents can store and recall data points from previous interactions, showing 42% better performance on complex tasks than individual systems (S-E).

3. **Persistent context awareness**: Maintain memory across interactions for personalized experiences, crucial for financial customer profiling (S-E).

4. **Real-time decision-making**: Process real-time data points in milliseconds for applications like algorithmic trading (S-E).

5. **Workflow integration**: Orchestrate cross-departmental operations through platforms like NBN while adhering to compliance requirements (S-E).

Key Limitations

1. **Data fragmentation**: 78% of enterprises struggle with siloed data preventing effective agent deployment (S-E).

2. **Non-deterministic outputs**: Unpredictable results require engineering teams to adopt new development paradigms (S-E).

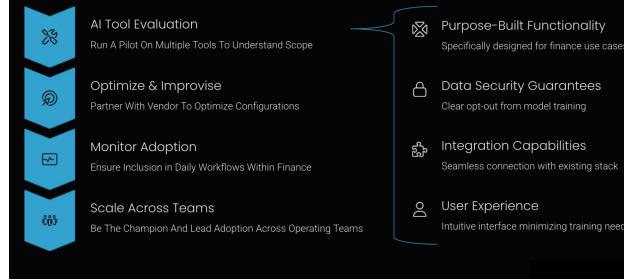
3. **Emotional intelligence gap**: Limited ability to handle nuanced customer interactions requiring integration (S-E).

4. **Cybersecurity vulnerabilities**: Increased attack surfaces from persistent data access and LLM integration (S-E).

5. **Ethical bias and risks**: Potential bias amplification in decision-making processes without proper oversight (S-E).



Steps Towards Adopting AI (Condt.)



Your AI Financial Analyst - "Qori"



Thrive With the Right Strategic Partnership

As this year unfolds with its share of unknowns, FinQore is here to guide your business to growth and resilience. Together, we'll convert the year's uncertainties into avenues for strategic triumph.

Let's Connect

