



CFO Roundtable

New York, NY
June
2024

4 Key Takeaways

12 finance leaders joined us for a peer discussion about what's top of mind as they focus on efficient growth in 2024, confronting data challenges, the role of AI in finance, and promising practices for tackling those challenges. Here's a summary of what we heard from them:

1 PE-backed CFOs need to be the catalyst for analytical rigor in Finance and across functions

With investors in today's capital climate only wanting to see "Finance-approved" data, it's more important than ever that the CFO not only lead the charge by example with the hygiene of Finance data, but also challenge and support other functions to hold that same high bar. So whether they own or influence metric definitions, the CFO is also playing the role of CRO, Chief Rigor Officer, helping other teams think critically about the business impact of the metrics they're tracking to and reinforcing the link between attainment and investment in their function.

2 To fulfill that mission, invest in super analysts who can do the work & lead/communicate up

High talent, paid well, prepared to run lean and lead, aided by good technology to protect against burnout - that's the recipe the group surfaced for a "super analyst" role CFO's need to drive the data rigor PE-backed companies require. They shared a caution about the trap of penny-pinching in the name of modeling fiscal restraint internally but hurting longer term team effectiveness. Conversely, paying a bit more now is well worth it if you get talent who can do more strategic work and help you communicate the story to more audiences.

3 GAAC (growth at all cost) is giving way to a more balanced view, metrics must follow suit

The shift from over-reliance on growth to greater focus on efficiency continues as the cost of capital (and the demands of those who invest it) remains high. That dynamic is driving a more nuanced requirement of critical metrics and how they work together to explain both revenue growth and quality. Namely Gross Customer Retention (since NRR is more easily manipulated) Gross Margins, and Burn Ratio. There's also increased need to segment more deeply to separate out factors that can cloud the picture on why numbers are going up or down.

4 AI remains top of mind with the CFO increasingly at the center of charting a course

The conversation about AI is evolving quickly. CFO's remain challenged to find the headspace to stay current on the core concepts and underlying drivers. Yet they're also taking on an increasingly central role in setting the org's AI direction at multiple levels. In the near term, CFO's are tracking the cost, and assessing the impact, of various AI testing initiatives. And as long run strategies evolve, they will be a critical voice in big ticket discussions with IT/Engineering/Product about the cost, overall impact and return on investment of AI.

Challenge Area Discussions and Ideas for Best Practices

CFO's broke off into working groups to dig in on challenge areas together, before reporting back for a full roundtable discussion, along with FinQore co-founders Vipul and Jim, to share observations and best practice ideas.

1 Outlook & planning - macro trends are changing KPI's/mindset

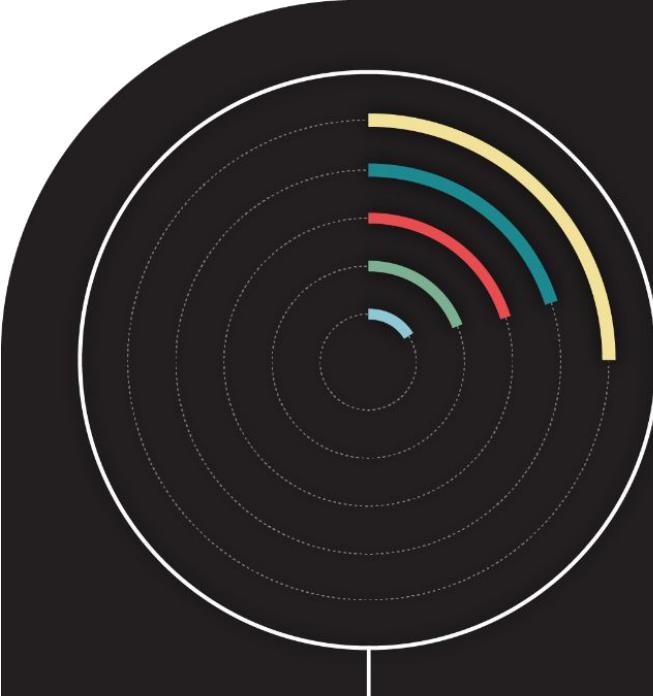
- The culture shift from growth to budget and profitability shows no signs of slowing, with an even brighter spotlight on margin and “Rule of 40” performance when you’re raising capital.
- Think carefully about built-in price increases (CPI’s, escalators, early termination fees) in the midst of the squeeze between EBITDA importance and customer price sensitivity. Clear communication around price escalators can help but note that contracts hold less weight in today’s market.
- Encourage everyone to focus on the “Why” of their hiring requests based on performance metrics, and push accountability for budget decisions to functions.

2 Data readiness/performance measurement - spread the rigor

- Rev Ops, Sales Ops, Marketing Ops even Product teams now roll up to or closely interact with Finance. Either way it’s important to cultivate ally partnerships and challenge them to level up data practices.
- That includes involvement and ownership for them in defining the metrics they’re signing up to perform to.
- Cohorting with clean data is critical, for example separating out failed go-lives from customer churn when measuring and evaluating retention.

3 Performance optimization/function build - talent and automation

- The right analyst, at the right time, can change the CFO’s life.
- Classically trained analysts with investment banking or consultancy experience make great hires.
- Watch out for burnout, automation of the mundane data work can help protect your investment in talent.
- Now that you lead more functions, great opportunity to instill a new mindset - from G&A to GSD teams.
- A well-instrumented (talent, tech and rigor) function helps you make the move from CFONO to CFOGO.



What do CFOs want to prioritize in 2024?



CFO's 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.

8.7

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

5.2

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

0
Not At All

5
Somewhat

10
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. Enabling other functions to use the data without breaking something and compromising data integrity**
- 2. Making sure the data's accurate and reliable**
- 3. Consolidating our data into a single source that all functions can access**
- 4. Setting up the data so it can alert us to changes and signals we should pay attention to**
- 5. Having our data complete and segmented enough to help us generate insights we can confidently act on**





Deep Dive: AI implications for Finance

SaaSWork's Co-founder and CTO Jim O'Neill led an in-depth presentation on AI that delved into the landscape of AI tools and explored the risk/benefit calculus to consider as CFOs evaluate AI's short-term and long-term impacts. Highlighting practical applications, Jim showcased a live demo of FinQore's AI Financial Analyst "Qori" and shared the story of how the FinQore team went about leveraging AI in their own operations and integrating it into the platform.

Case Example: FinQore's onboarding of AI across teams

Jim started off by sharing the real life example of FinQore's path to AI as a company, which started in early 2023 with posing a question/challenge to the team: *"How can AI streamline your work?"*. Prioritizing learning and iteration over perfection, the team embraced a rapid experimentation cycle while strictly upholding data security and privacy. With the result that AI is now woven into many aspects of internal operations, boosting baseline productivity in activities ranging from targeted marketing and outreach to legal document review, customer onboarding, and even the core functionalities of their platform itself.

Roundtable Recap: How to assess AI investment that drives near term efficiencies and long run ROI

45% of the CFOs present shared that they are actively incorporating AI in their finance function or planning to before year end. The majority also expressed that they are actively thinking about how to encourage AI adoption across all functions - from customer-facing to product and back-office. They also reported an important dialogue emerging with CTOs to evaluate the cost of testing various AI initiatives, and how to prioritize investment in highest impact initiatives when so much is changing. Projecting impact was noted to be challenging in this early going, but CFOs talked about potential for 30-50% efficiency gains initially, with longer-term hopes of AI agents delivering 1000%+ ROI improvements and margin growth. The discussion surfaced the variety of investment areas required to realize this kind of impact – from data hygiene/accuracy in the near term to restructuring and dedicated teams (data and AI DevOps) to support each business function in the longer run. While CFOs appreciated the potential for margin gains, they also anticipated accompanying pricing pressures that may call for shifts toward value-based, over unit-based, pricing models to remain competitive. Overall, the discussion pointed to an important tension in this time of rapid change - recognizing and embracing AI's transformative potential in the long run while carefully evaluating the costs, benefits, and strategic realignments required in the near-term to capture that promise.

AI's Promise in Context: a look at Qori - SaaSWork's AI Financial Analyst

Jim showed the group an example of how AI can show up specifically in a core Finance context by demonstrating "Qori", an AI analyst designed for Finance teams that's embedded directly in SaaSWork's platform. Playing the role of user, Jim engaged in a live conversation with Qori to extract real time financial insights from company data using questions a CFO or their team might ask.

Jim concluded by outlining FinQore's roadmap for further AI integration in the platform including automating probabilistic forecasting and more tools for analysis such as benchmarking, scenario evaluation and simulations. With the goal of enabling SaaSWork's users to predict the outcomes of strategic decisions.

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

