

# CFO Roundtable

## Key Takeaways

Washington DC | December 2024



### 5 Key Takeaways

16 Washington DC based CFOs and finance leaders participated in a peer discussion and here's a summary of the key points we gathered from their conversation:

#### 1 **Unlocking Retention and Growth Through Product Usage Insights**

Finance leaders discussed using product usage data to gain deeper insights into retention, customer satisfaction, and upsell opportunities. While usage data is often accessible, it is typically high-level. Detailed insights are embedded in product log files, requiring engineering support to extract. When harmonized and deeply segmented, this data allows AI tools like ChatGPT to reveal patterns tied to retention and key value drivers. Some participants highlighted an alternative approach, partnering with CS teams to identify customer journey milestones and reinforce behaviors linked to success. This strategy shifts the focus to driving retention, enhancing satisfaction, and fostering growth.

#### 3 **Emerging Outcome + SaaS Hybrid Pricing Models: Driving Stickiness and Growth**

CFOs discussed how pure SaaS pricing models are under pressure, while outcome, consumption, or transaction-based pricing models carry risks if revenue fluctuations are not effectively managed. As a result, hybrid pricing models are emerging, where SaaS companies integrate AI and tech-powered services, aligning pricing with jobs-to-be-done frameworks. At the same time, companies generating consumption or transactional revenue, such as POS platforms, are incorporating SaaS revenue with yearly contracts and minimums. The conversation highlighted how the industry is undergoing a significant shift in pricing and packaging, moving toward models that balance outcomes, flexibility, customer satisfaction, and predictable revenue streams.

#### 2 **Outcome-Driven Pricing Likely to (disrupt/challenge?) SaaS Over the Next 10 Years**

Another key topic was the limitations of SaaS pricing models, which often fail to reflect delivered value, leading to customer dissatisfaction and churn. This misalignment is driving demand for outcome-based pricing. AI-powered services delivering tangible outcomes, such as Salesforce's \$2 per successful AI-powered chat conversation, are reshaping customer expectations. While SaaS multiples are compressing, valuations for outcome-focused, tech-powered services are rising. As a result, the SaaS industry is expected to undergo significant changes over the next decade, driven by evolving customer expectations and the introduction of outcomes-driven pricing models.

#### 4 **CFO Role: Fast Evolving from Bearer of Financial Truth to Org-Wide Strategic Leader**

CFOs discussed their role as 'bearers of truth,' presenting factual data to guide decisions while navigating diverse stakeholder perspectives. They highlighted the importance of consistent metrics to foster transparency, budgets as company-wide anchors to strengthen alignment, and building trust with boards, peers, and functional leaders. Many CFOs manage responsibilities beyond traditional finance, including HR and Legal. They acknowledged a default tendency to deprioritize investments in their own Finance teams in favor of Sales or Marketing. However, they also emphasized that broadening perspectives and hiring top talent are critical for Finance to create greater value as it shifts from operational to strategic leadership.

# 5

## Granular Profitability Metrics: A Key to Growth and Cost Management, but Difficult to Track

Measuring profitability and contribution margin at the granular customer and product level was highlighted as critical for CFOs to meet the board's dual mandate of achieving growth while reducing costs. These insights also enable more informed investment decisions in specific product lines, product managers, and sales teams. While CFOs felt confident reporting financial or traditional SaaS metrics, they noted that metrics unique to their specific businesses or customer profiles are more challenging to collect data for and process into meaningful insights. Limited automation within the finance function, beyond collections, was identified as a key inefficiency. HR-related KPIs remain sensitive, with CFOs emphasizing the need for greater visibility to support strategic workforce decisions while maintaining confidentiality.

### CFOs Weigh-in on the Data Challenge

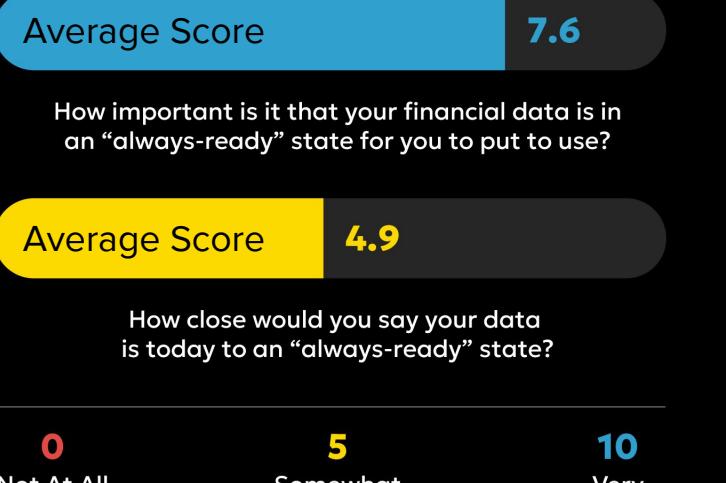
Before the Roundtable, we invited finance leaders to share their insights on the data challenges within their organizations.

First, we inquired about the significance of having data in an "always ready" state to put to use in real-time and then asked them to evaluate their current status on achieving this readiness. Using a scale from 0 (Not At All) to 10 (Very Important), the responses are summarized below:

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

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



Jim O'Neill, FinQore's Co-founder and CTO, discussed how the exponential growth of AI, particularly in foundational models like GPT, is reshaping business processes. It requires teams to rethink traditional methods of data handling, analysis, and decision-making. The pace of AI advancements means that manual tasks deemed impossible to automate today could become feasible within months.

## Where to Leverage GPT in Finance?

Jim emphasized that GPT is suitable for tasks where precise accuracy is not critical. For tasks requiring high accuracy, finance teams must be able to validate GPT outputs and take full responsibility for their accuracy. This decision framework helps finance teams determine where GPT can be effectively leveraged in daily operations.

**AI + Structured Data:** The integration of AI with structured data enables the generation of tailored insights. This approach enhances the accuracy and relevance of outputs, allowing finance teams to respond more effectively to high-stakes queries and streamline manual processes.

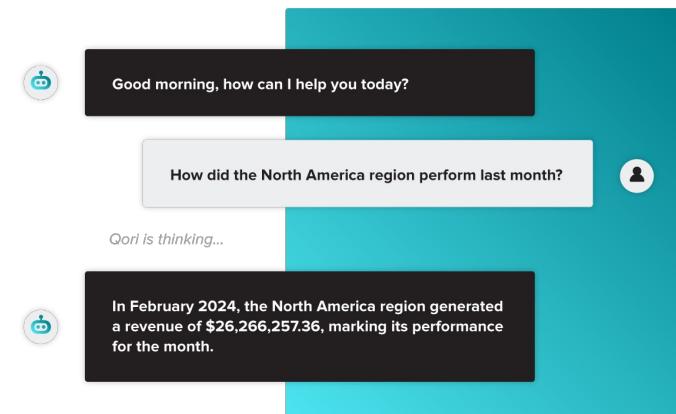
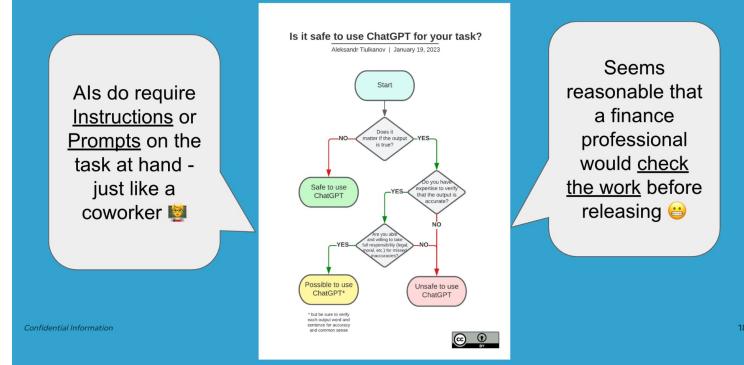
## Qori – AI-Powered Financial Analyst:

Jim highlighted how FinQore harmonizes data from multiple source systems to create a clean, accurate, and structured data foundation for AI applications. Building on this foundation, FinQore's AI Analyst, "Qori," delivers real-time responses to financial queries and generates highly customized insights, such as benchmarking and forecasts—significantly reducing the manual workload for finance teams.

## Where are we in AI's Capabilities



## Simple GPT decision tree for Production Outputs



## 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**