FinQore CFO Roundtable

4 Key Takeaways From the CFO Roundtable

At our Austin CFO Roundtable, 14 finance leaders joined us for a peer-to-peer discussion about what's top of mind as we 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:

1 Given higher cost of capital, we need better metrics to track efficiency of growth

With interest rates and cost of capital where they are, CFO's are looking closely at growth efficiency measures in addition to Customer Acquisition Cost (CAC), which they called out as more complicated (and less telling without context) than stakeholders often think. Other metrics discussed in this "grow while spending less" category included Payback Period, Burn Ratio, Gross Margins, Net Retention, and Revenue per Employee - all of which lead to more focus on the underlying quality of the growth the business is generating.

2 Whatever the metric mix, getting to segment level visibility is vital, but difficult

Ideally the business is best served if we can analyze financials at segment-level resolution across the income statement, starting from revenue, and extending to gross margin and expenses. For example segmentation by product, region, sales rep, vertical, sub-vertical, ICP v. non-ICP, etc. While hard to achieve given messy data, that granularity makes it possible to pinpoint the most profitable/efficient segments, deprioritize those with less attractive economics, and make sure we're not hitting the wrong quota in segments with lower CLV.

3 Tying clean data to valuation helps empower Strategic Finance and build buy-in

Time delay = confidence decay for investors. So "owning the pen" with a clear, detailed and fast story built on clean data is becoming a critical cause for Finance to champion and lead. Once established, this link between data accuracy, data readiness and valuation creates the conditions for better buy-in around the leadership table on the importance of data hygiene. And helps Finance step out of the bad cop role into enabling healthy debate among functional leaders on where to press and pull bets for profitable growth.

4 AI is looming but still mostly about personal experimentation, for now

Most CFO's said they're in the very early stages of learning about and grappling with AI. Activity is currently defined by personal experimentation and some dabbling organizationally, mostly under the heading of individual productivity boosts (job descriptions, document comparison, meeting notes, etc.). There's curiosity about AI's future potential for accelerating core Finance analysis and reporting. CFO's also shared concern and questions about the privacy, security and required accuracy of finance data an AI model would need to return value.

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Top 3 Challenge Area Discussions and Ideas for **Best Practices**

CFO's priority-ranked top challenges they wanted to talk about then broke off into working groups before reporting back for a full roundtable discussion. FinQore's Co-founder Vipul Shah along with other finance leaders shared best practices to tackle those challenges.

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1 **Data readiness - building internal buy-in on importance**

- Time kills all deals. Ensure fundraising readiness by streamlining RevOps & Finance collaboration early. Clean data empowers you to confidently answer investor questions on ARR and revenue.
- Mistakes are expensive. Conduct routine internal investment committee exercises based on accurate, always updated data to critically evaluate the business, initiatives, products, and verticals, asking, "Would we invest in our own story?"
- Gather buy-in by communicating the impact data readiness and accuracy can have on valuations as well as on generating credible analytics and AI outputs

2 **Performance optimization - expanding the metric set**

- Track Payback Period (target < 12 months) which encourages gross margin focus, and gives important context to isolated discussions of CAC and LTV
- Engage leadership on Revenue Per Employee which requires focus on net retention and gross margin
- Monitor your Burn Ratio i.e.: Net New ARR (New ARR - Churned ARR) to Cash Burn (target > 1:1)

3 **Performance measurement & monitoring - getting into detail**

- Segmentation, segmentation, segmentation
- Define level of abstraction needed to optimize for "true" over "good" in multi-layer businesses
- Get alignment on what's in/out of your payback/CAC thinking - onboarding?, is a new store location an upsell or a new sale?
- Establish a clear strategic north star that gives context to all the metrics you define and track
- Avoid "peanut butter spreading" and allocate/include costs with as much precision as the data will support

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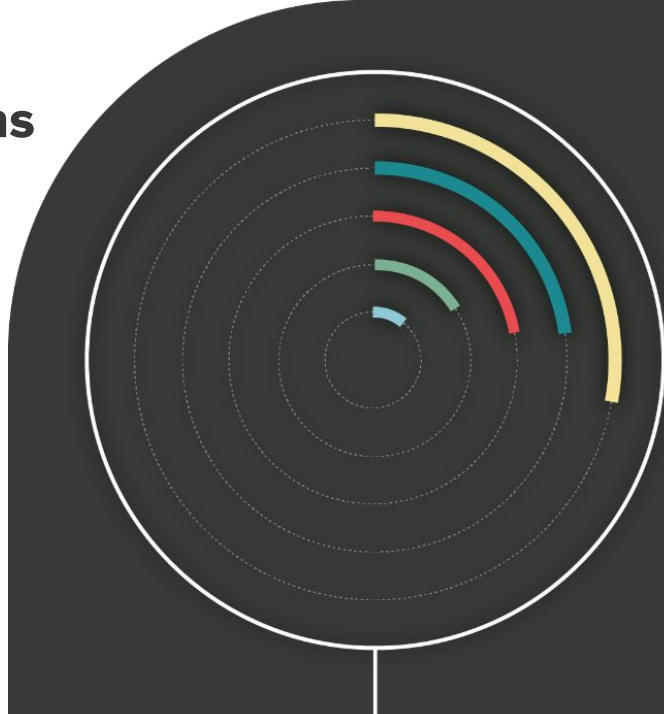
What do finance leaders want to prioritize in 2024?

28% ⬤ Data readiness/hygiene

23% ⬤ Performance optimization

22% ⬤ Performance measurement & monitoring

16% ⬤ Finance function build

11% ⬤ Outlook & planning

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.

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 provided their responses, they underlined that each task, despite its ranking, was vitally important and presented comparable challenges for finance teams today.

The tasks ranked in order of being most challenging included:

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	5	10
Not At All	Somewhat	Very

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

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Deep Dive: AI for the Office of the CFO

To close the roundtable FinQore's Co-founder Jim O'Neil shared ideas on how to introduce AI to your internal team, a look at how the FinQore team uses AI today, and a view of AI's potential for Finance, including a live demo of FinQore's implementation of AI in its platform.

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AI for internal teams and how FinQore's is using AI as a company
FinQore kicked off its internal AI adoption with a question posed to its team:

"What's the biggest opportunity for AI to make your job easier?"

The discussion captured a powerful group of AI tools that their team leverages daily to streamline operations across the board. This includes both automating internal workflows and enhancing the customer experience (front-end) as well as the core platform functionality (back-end) through AI. Some of the key areas impacted by AI include identifying patterns in complex datasets, cleaning and integrating data, ongoing anomaly detection, expediting prospecting, customer onboarding, improving coding and reviewing simple legal documents.

AI's potential for Finance
FinQore sees Finance and Ops teams as the primary adopters of purpose-built AI solutions. These solutions will automate manual tasks, freeing them to focus on strategic, front-end decision-making work.

There are risks - including privacy and data security concerns, potential for prompt leakage, and AI-hallucination - to evaluate and consider. But more secure options (with an investment) are coming onto the market all the time and the potential to upgrade where internal talent spends their time is enormous.

FinQore AI-Analyst
Jim showcased embedded AI within FinQore's platform that allowed its users to conversationally extract detailed financial insights (10-15 seconds response time) leveraging continuously updated data. After seeing AI capabilities applied in the context of a Finance platform in this way, CFO's shared that they:
- Saw more reason for excitement about AI's potential for Finance, with some commenting that they'd moved from AI-fatigue/naysayer to feeling more optimistic and that it's time to start engaging more
- Would need to ensure that company data which AI like this runs on would remain private and secure
- Could see another good reason for making the internal company case for continuously updated, clean, accurate, and segmented data, since the AI will only be as good as the data it runs on.

Jim closed by sharing more context on FinQore' goals for AI in the platform over time which includes automating probabilistic forecasting, enabling finance teams to conduct comprehensive analyses including benchmarking, scenario analysis, and simulations to forecast the impact of strategic decisions (like pricing adjustments), providing a hyper secure platform setting for maximizing finance team's leverage from AI with their own clean data.

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Thrive With the Right Strategic Partnership

As 2024 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

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