

FP&A Trends Survey 2022



How technology advances FP&A
to the role of strategic advisor

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“FP&A needs to shift into the role of strategic advisor”

1. KEY FINDINGS

This paper covers the findings of our sixth annual FP&A Trends Survey, where we share the trends and challenges facing FP&A departments around the world. The survey was performed at a time where organizations were looking to recover from the pandemic, when many were trying to figure out how to operate in a changed business world.

Most industries were negatively impacted by the unprecedented global shutdown. However, some thrived in new markets created by the pandemic. For example, organizations that supported healthcare testing and work from home initiatives. Today, supply chain issues, raw material shortages, and conflict, are all, sadly, part of a volatile business environment that FP&A must navigate through. FP&A teams are required to re-consider long-standing practices, such as annual budgeting. At the same time, they need to embrace new methods and technologies designed to deal with uncertainty. In short, the recent business environment dictates that FP&A need to shift into the role of strategic advisor in order to transform the way that decisions are made throughout the business. All organizations are so badly in need of this leadership.

Responses were gathered from 375 senior FP&A practitioners, covering companies of all sizes and from all regions, and industries (fig. 1).

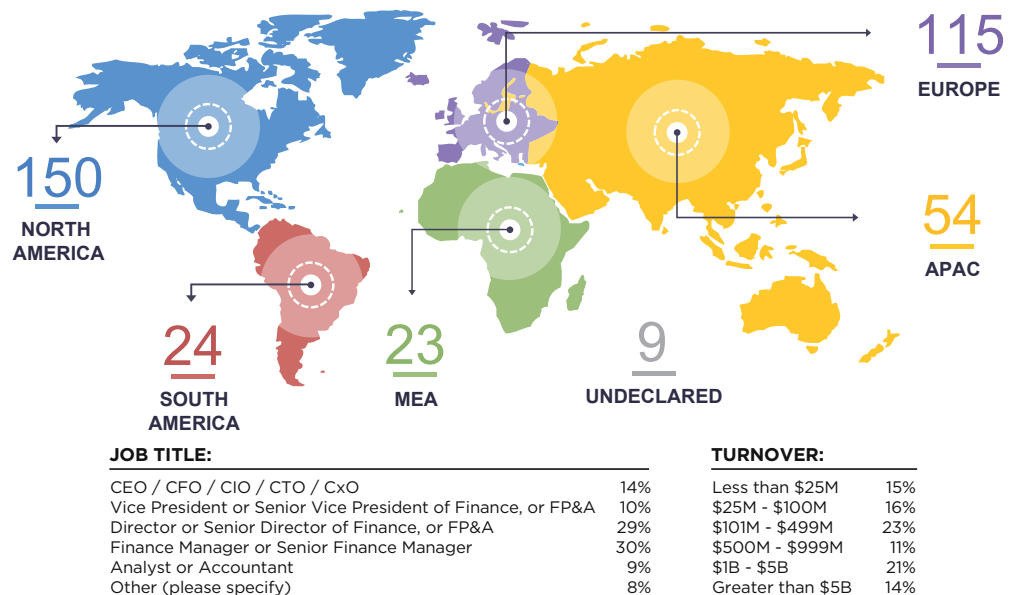


Fig 1:
Survey 2022
respondent demographics

The analysis, along with results from previous surveys (1651 total responses over six years), show how organizations are adjusting to cope in an environment where uncertainty has become the norm.

Key findings from this year's survey include:

1. 76% of FP&A teams are delivering strategic value (70% in 2021) and 72% offer effective business partnering (68% in 2021).
2. 16% of FP&A teams consider themselves to be high performing teams while, on the opposite end of the spectrum, 16% struggle to keep up with the work demanded from them.
3. Too much time is still spent (45%) on low value activities such as managing multiple spreadsheets and data validation. Whereas not enough time is available (33%) for high value activities such as scenario planning and change implementation. These numbers have not changed significantly over the last 4 years.

4. Satisfaction in forecast accuracy declined sharply to 39% (down from 54% in 2021). We believe this is driven by the high levels of uncertainty and the fact that old forecasting techniques are no longer valid in an ever-changing environment.
5. 63% believe that Artificial intelligence and machine learning (AI/ML) is driving more accurate forecasts. This compares favorably with the average of 39% of all respondents who are satisfied with their forecasts. We believe that AI/ML improves both data governance and focus on driver-based planning. While planning accuracy is driven in part by successful AI/ML implementation, it also requires other basic practices to be in place.
6. 31% of respondents do not have a single source of data that everyone trusts. A single data source is a core requirement for successful planning yet many companies are still struggling with this.
7. 19% of all organizations use Cloud planning software solutions (+8% from 2021). Moving to Cloud solutions has many benefits including support for collaborative planning, standardization of plans, and the ability to implement driver-based planning at scale. An additional advantage is that it also provides a single source of truth for organizations that may not have strong data governance. This is why we believe moving to cloud-based software is so attractive.
8. 59% of organizations see Analytics expertise as the most sought-after skill in FP&A (+9% from 2021). The biggest skill gap in FP&A continues to be converting data into insight and action.

We would like to thank our sponsor, SAP, who have made this research possible, as well as our FP&A community members who took part in the survey. Without your feedback we would not be able to draw the conclusions presented in this paper.

FP&A Trends Survey is an independent research team of thought leaders:

Larysa Melnychuk, CEO, FP&A Trends Group, (London, UK)

James Myers, CEO, FP&A Strategy Consulting, (San Francisco, USA)

Michael Coveney, Head of Research, FP&A Trends Group, (London, UK)

2. FP&A AND THE ROLE OF STRATEGIC ADVISOR

- 76% of FP&A departments feel they are delivering a high amount of strategic value¹.
- Only 16% of FP&A departments say they are performing well, with 16% struggling to keep up with demand².
- 45% of time is spent on low value activities, while only 33% is spent on high value activities³.

Over the years, the role of FP&A has been evolving from one of a data consolidator to that of a strategic advisor. Someone who provides fact-based insights, that sees the bigger picture and can guide the organizational decision-making process to achieve strategic ambition. Only FP&A is able to fulfil this role, given its access to data, overview of management processes and position to collaborate with key stakeholders. The survey results tell us that this evolution is slower than expected.

As the pandemic has shown, organizations must prepare for multiple scenarios, understand key business drivers, ensure plans are realistic, and be prepared for the unexpected. Indeed, FP&A must focus time on high value activities such as insight generation and change implementation, rather than low value activities such as data collection and validation. However, as the survey shows, FP&A spends its time in a vastly different way from what it desires (fig. 2).

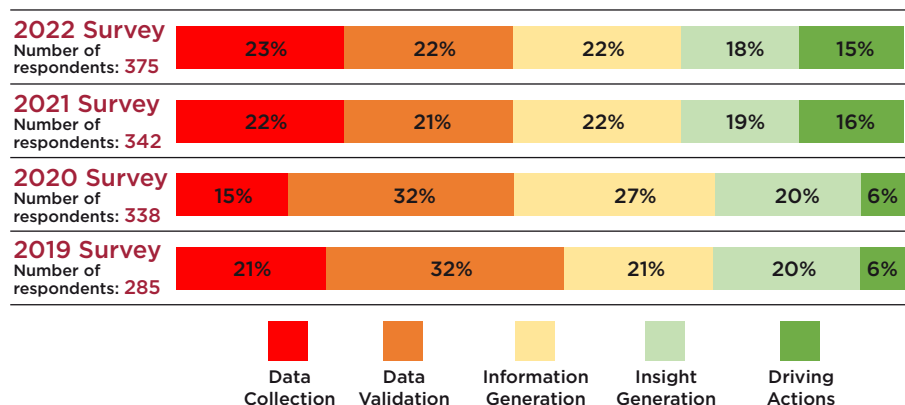


Fig 2:
Where FP&A spends its time
over the years

Only 33% of FP&A's time is spent on the things that make a trusted strategic advisor and valued business partner. Things such as driving action and insight generation. This percentage is actually 2% less than last year. Similarly, 45% of FP&A's time is spent on low value activities such as data validation and collection which again is worse than last year (43%).

When we look at time spent on a regional basis, we find that Asia spends the most time on driving actions and insight generation (37%), followed by North America (34%), and Europe (31%). Looking at which region spends the least time on data collection and validation, again we find that Asia performs best at 42%, followed by North America at 44%, and Europe at 45%. As we will see in the report, the right use of suitable technology can help to substantially reduce low value activities and also increase high value activities.

Despite these levels of activity, most FP&A departments (76%) feel they are delivering a high amount of strategic value (fig. 3) which is 6% higher than in 2021 and 10% higher than in 2020.

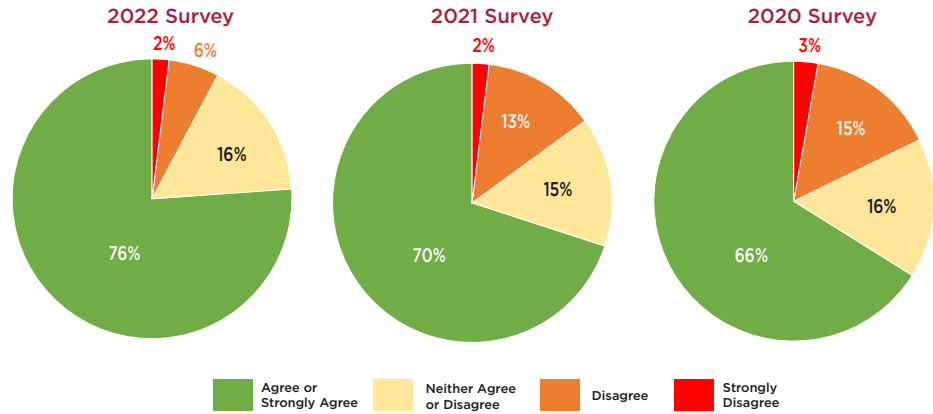
¹ Q6 - I feel that FP&A delivers a high amount of strategic value at my company

² Q28 - How would you classify your overall FP&A team?

³ Q3 - Which data analytics process do you spend the most time on?

*"Organizations must
be prepared for the
unexpected"*

Fig 3:
FP&A's perceived strategic value



While this perception of strategic value is welcomed, there is still considerable room for improvement. **When we look at how FP&A say their teams are performing, we learn the following:**

- ❖ Most FP&A teams (42%) are developing in their quest to be a better business partner but still engage in much manual work.
- ❖ 16% are working well with only a few remaining areas to improve.
- ❖ 16% are struggling to keep up with the demands of the organization.
- ❖ Only 1% of FP&A teams are optimized to perform.

These findings indicate that FP&A could add significantly more value than they do at present but will need investment in technology, people and process to achieve this successfully.

"FP&A could add significantly more value than they do at present"

3. DATA DRIVEN DECISION-MAKING

- 57% of respondents said that all organizational decisions, or a high number, were data based⁴.
- 31% of respondents do not have a single source of data that everyone trusts⁵.
- 46% of C-suite teams have on-line access to real-time performance data⁶.

Data Quality

To manage uncertainty, planning should be mostly based on relevant data. However, data quality continues to be one of FP&A's biggest issues which keeps FP&A teams devoting their time to low and mid-value activities, as previously mentioned. Only 23% of teams consider their data quality to be advanced or best in class, representing an increase of 2% compared to last year. 34% feel data quality is low or poor (fig. 4).

Despite the overall increase in quality, there has been a 10% decrease in respondents that think their organisation's decisions are based on data (Fig 5). We believe this is due to the inherent high levels of uncertainty and a lack of tools that allow for data to be used in decision making.

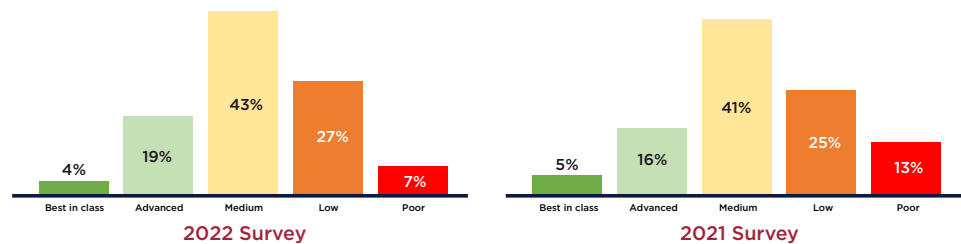


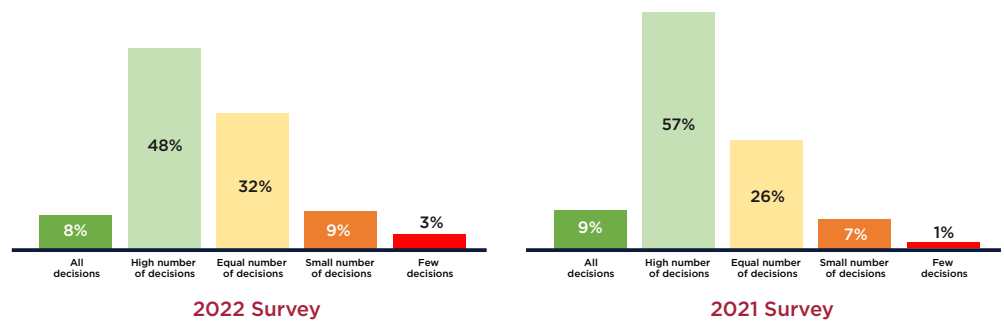
Fig. 4:
Quality of data used
in decision-making

⁴ Q9 - Which of the following statements best describes the use of data in decisions made at your company?

⁵ Q23 - What is the biggest issue in your planning and analytics process?

⁶ Q10 - The c-suite at my company has access to real-time performance data

Fig. 5:
Decisions made based on data



The biggest data issues affecting planning are:

- ❖ 31% of respondents say they do not have a single source of data that everyone trusts. This is a slight increase compared to last year's 30%. The existence of multiple data sources requires additional time to consolidate and format for analysis. There can also be integrity issues since data may be out of sync between the different sources.
- ❖ 23% of respondents say that the complex nature of the data makes planning difficult. The complexity of data is probably caused, in part, by not having a single source of clean, verifiable results that everyone understands. Furthermore, data comes in many different formats, at varying levels of detail especially if the data is fed from an external source. The different data formats often require different tools and techniques for analysis production.
- ❖ Inconsistencies affect planning, according to 17% of respondents. Again, this is likely to be a result of an organization having multiple systems, different definitions and not one single source of truth. Multiple systems often arise after acquisitions or where there has been a completely delegated system for management authority. Organizations that have invested in a strong data management team often do not have these issues, but for most companies this role is neglected.

The FP&A department is often not responsible for the data sources being used, but sources impact the speed and quality of insights they are expected to produce. We feel that a strategic investment in data management could drive a huge improvement in the value that FP&A can offer.

Once data issues are overcome, attention should be focused on having the right analytical tools. The pandemic showed that organizations could not rely only on past trends. Instead they must additionally look at the drivers that influence business performance and be able to run scenarios on those key drivers. This is an area where artificial intelligence and machine learning can have the most impact.

AI/ML is the application of algorithms on detailed data. The data can be both internal and external to the organization. Algorithms can deduce the relationships between data items and learn how these relationships change over time. The output can be used to identify performance drivers and make future results predictions.

The percentage of decisions that data is used on is higher for AI/ML respondents. Where 84% of AI/ML respondents claim that all or a high number of decisions involve data, this percentage decreases by 28% to 56% for all respondents (fig. 6).

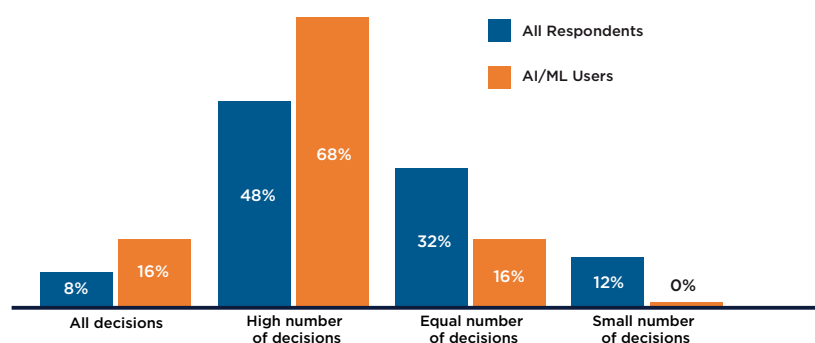


Fig. 6:
Impact of AI/ML technology
on data used in decision-making

“Investment in data management could drive a huge improvement in what FP&A can offer”

The increased use of data in decision-making is almost certainly a by-product of how AI/ML is used within these organizations. In other words, AI/ML is used as a means of providing managers with unbiased predictions that both speed up and improve forecast accuracy.

C-suite access to real-time performance data

When it comes to C-suite executives having on-line access to real-time performance data, we found that this only improved marginally compared to last year (2022: 46%, 2021: 45%, 2020: 35%).

However, this result increases to 60% where organizations are using cloud-based solutions. This is not surprising as cloud technology provides on-line access to any user, on any internet-enabled device, in any location, security permitting. The level of C-suite access improves further for those organizations using AI/ML technology, where 81% of the C-suite have online access to performance data (fig. 7).

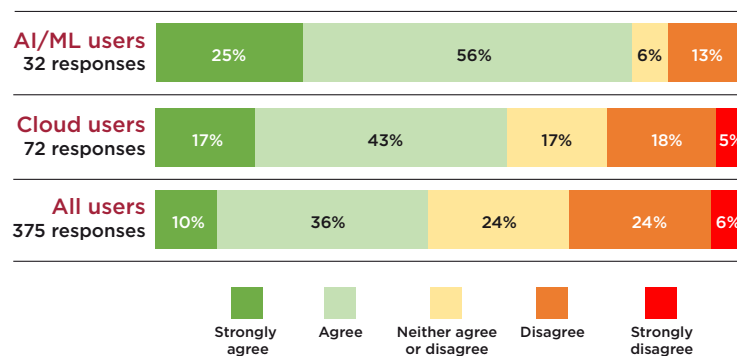


Fig. 7:
C-suite access to real-time performance data

4. FORECAST SPEED & ACCURACY

- 39% (vs 54% in 2021) of respondents are satisfied with their forecasts⁷.
- 21% (vs 17% in 2021) of respondents can produce a forecast in less than 2 days⁸.

Forecast satisfaction

Forecast speed and accuracy are of the utmost importance when making decisions. There is no point having a fast inaccurate prediction, or alternatively a slow accurate prediction that comes too late for change to take place.

Good forecasts need to be based on the analysis of complete, reliable information, and be open to scrutiny. Unfortunately, forecast satisfaction reduced significantly this year to 39% (2021: 54%) which we believe was driven by the increased levels of uncertainty (fig. 8).



Fig. 8:
Satisfaction with forecasts

Satisfaction means having confidence that predictions are grounded on evidence. As the pandemic eroded most base line trends, realistic forecasts need to reflect the evolving drivers of performance. Modern planning requires the ability to easily run multiple scenarios, dynamically, and at all levels of the organization. Consequently,

⁷ Q22 - How would you describe the forecasts produced by your FP&A team?

⁸ Q21 - How long does your forecast process take?

"Good forecasts need to be based on the analysis of complete, reliable information"

planning solutions that combine AI/ML technology with driver-based planning, on a collaborative or cloud platform, are essential. Figure 9 shows how these technologies affect the overall satisfaction of FP&A teams with forecast process.

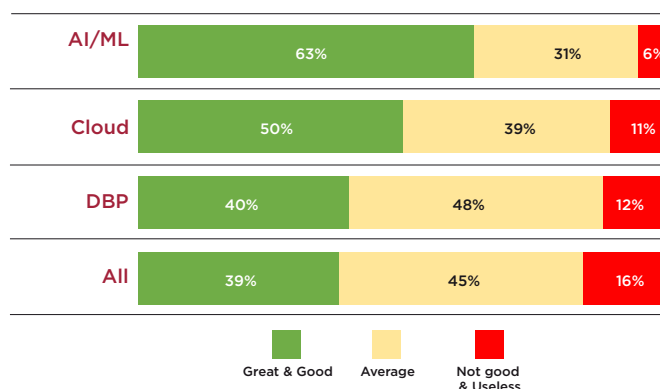


Fig. 9:
How different technologies
affect forecast satisfaction

The percentage of AI/ML users that rate their forecasts as great or good is 63%, which is 24% higher than that of all respondents. This is consistent with many AI/ML case studies we have conducted where users report an increase in both the preparation speed and accuracy of forecasts. The higher satisfaction is due to AI/ML helping to identify the right drivers and in predicting underlying trends based on current information.

In the same way, 50% of cloud users express great or good satisfaction with their forecasts, a big increase on the overall average of 39%.

Time taken to produce a forecast

When it comes to the speed of forecast production, there was a marked improvement with 21% (2021: 17%) of respondents being able to produce a forecast in less than 2 days. However, most (56%) respondents are taking longer than 5 days (fig. 10), which means it is hard for organizations to react quickly. We believe this is linked to the systems and methods being used.

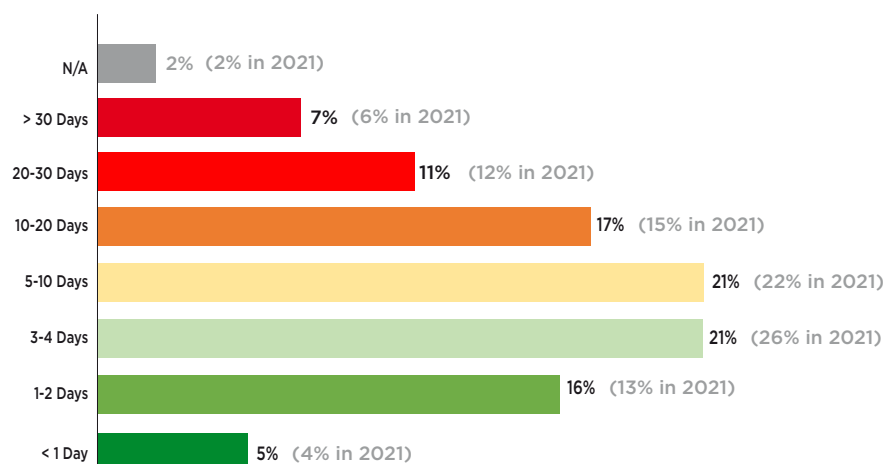


Fig. 10:
Time taken to produce a
forecast (2022 vs 2021 survey)

“Technology can greatly improve the speed at which a forecast can be produced”

Technology can greatly improve the speed at which a forecast can be produced. While only 21% of all users can complete a forecast in less than 2 days, this number increases to 28% for both driver-based planning and AI/ML users. The survey also shows that organizations that combine driver-based planning and AI/ML are twice as likely to complete a forecast in less than 1 day than all users.

Both technologies lend themselves to automation. AI/ML can be used to identify relationships that can then be coded into driver-based models. AI/ML can supply predictions of key variables, such as sales or major cost lines, which can then be used as input to the driver-based planning model to create the necessary financial reports with little or no manual intervention. These reports being the profit and loss (P&L), balance sheet and cash flow. Not only does the combination of these systems improve speed and accuracy, it also frees up FP&A team time for higher value activities.

5. SCENARIO MANAGEMENT

- Only 6% of respondents can run scenarios in real-time, and a further 13% are able to run scenarios in less than one day⁹.
- Running scenarios is a long and challenging process for 55% of the respondents.
- 26% of respondents are unable to run scenarios.

Scenarios are an important FP&A tool for managing uncertainty. When there are many possible futures and/or multiple ways of implementing a decision, scenario planning is the only way to truly assess the impact of each option. It was worrying to see that 26% of respondents are unable to run scenarios (fig. 11). One wonders how they survive in this uncertain environment.

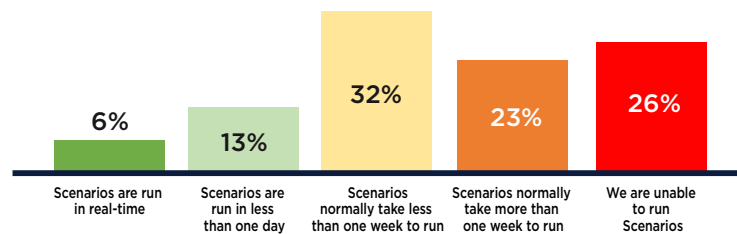


Fig 11:

Time taken to run scenarios

Once again, technologies such as AI/ML, the cloud, and driver-based planning models can improve an organization's ability to run scenarios (fig. 12). This is because the models can be used to assess the sensitivity of drivers and where suitable responses can be modelled for those sensitivities.

In this incredible environment, the ability to run scenarios quickly is essential. It is amazing to see almost a quarter (23%) of AI/ML technologies users said they are able to run scenarios in real-time, compared to 6% for all respondents.

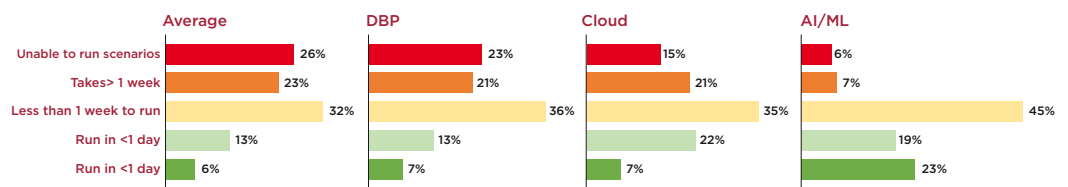


Fig. 12:

How technology affects time taken to run scenarios

To reinforce the importance of the right technology, we asked whether the planning and forecasting systems in place allow for accurate scenario modeling.

The percentage of respondents who said 'agree' or 'strongly agree' was down 4% on last year, at 38% (2021: 42%). However, this rose to:

- ❖ 44% for cloud users (6% increase to the average)
- ❖ 63% for AI/ML users (25% increase to the average)
- ❖ 46% for driver-based planning users (8% increase to the average)

When we looked at organizations who used a combination of cloud, AI/ML and driver-based planning, all respondents could run a scenario within one week and 29% of them could run a scenario within one day.

⁹ Q27 - How long does your scenario planning process take?

6. THE ADOPTION OF TECHNOLOGY WITHIN FP&A

- The use of cloud planning software continues to grow at a steady pace to 19% of all respondents, up 8% since 2021¹⁰.
- 36% of companies have invested in planning systems in the this year, higher 2% than last year¹¹.
- Cloud-based solutions improve the quality of scenario planning by 6%, from 38% to 44%.
- AI/ML forecasts are accurate 63% of the time compared to the average of 39%.

Planning systems are the key tool that FP&A teams can use to manage processes and support executive decisions. Of all the systems in use, Excel still dominates with 58% of users saying this is their main system for planning and forecasting. In fact, the use of Excel has grown, from 54% in 2021 to 58% in 2022, which we believe reflects the lack of adaptability inherent in the older finance systems, that are unable to react quickly to change.

Despite this high level of Excel use, newer technologies, such as cloud-based systems and AI/ML, are having a big impact on FP&A performance. More specifically they are impacting where the FP&A department spends its time (fig. 13). As the chart shows, organizations with AI/ML in place spend 16% more time on the high value activities of driving action and insight generation than the average company (49% compared to 33%). At the same time these tools reduce the time spent on low activities like data collection and validation from 45% (average company) to 33%.

	Average	Use of AI/ML	Cloud	Driver-based
Insight Generation	18%	25% +7%	21% +3%	19% +1%
Driving Actions	15%	24% +9%	16% +1%	16% +1%
TOTAL	33%	49% +16%	37% +4%	35% +2%

Fig. 13:
Time spent on high-value
activities depending on
technology implemented

The impact of cloud solutions

The use of cloud solutions as a percentage of all systems in use has grown by 8%, since 2021, to 19%. We believe this is a trend that will continue until cloud-based systems become the most prevalent system in use. **Cloud solutions are appealing due to their ability to provide online access to all members of the organization, their support for driver-based planning tools and the ability to integrate with AI/ML systems.**

- ❖ Every year we learn that companies using cloud-based solutions spend more time on high value activities, such as insight generation and action driving action, and less time on low value activities, such as data collection and validation.
- ❖ 30% of high performing teams use cloud-based solutions.
- ❖ 50% of cloud users consider their forecasts to be great or good compared to only 36% of users who employ alternative solutions.
- ❖ The use of cloud-based solutions also helps teams have faith in accuracy of their scenario planning, where 44% of users say their systems support accurate scenario modeling, compared to 38% on average.

Within the different geographic regions, 29% of North America respondents are using cloud solutions, followed by Asia with 16.7% of respondents, and Europe at 13.9%.

¹⁰ Q15 - What type of applications do you use?

¹¹ Q17 - When did your company last spend money on upgrading the main planning and forecasting system?

The impact of artificial intelligence and machine learning

As we have seen in previous analyses, AI/ML are having a substantial impact on the performance of FP&A:

- ❖ The percentage of decisions being made using data use of data increases from an average of 56% to 84% which is a 28% improvement in 2020.
- ❖ Using AI/ML drives forecasts to be accurate 63% of the time compared an average of 39%.
- ❖ AI/ML allows for faster budget production with 19% of AI/ML users producing budgets in less than 1 month, compared to the average equivalent of 9%.

Europe is leading in adoption of AI/ML where 9% of 2022 users have adopted these systems. Comparatively 7% of both Asia and North America respondents are using these systems.

7. OTHER FINDINGS

The speed of budgeting

The length of time it takes to create a budget has remained static over the past three years. Of all respondents, 9% take less than one month to produce a budget, although as reported above, this percentage is considerably higher for AI/ML users at 19%. The majority of respondents (58%) take between one and three months to create a budget, while a third (33%) take between three and six months.

Anything that takes more than one month will most likely be unproductive since in these uncertain times assumptions will have changed within the time period making the plan immediately obsolete. Speed and agility are the two key requirements of planning.

In consideration of the forecast techniques employed, the survey shows that:

- ❖ 50% of respondents still use the last year plus method to set a budget. We believe this is a crude way to set targets and shows a lack of understanding for the performance drivers. Interestingly, those respondents who rate themselves to be best in class do not use this method at all.
- ❖ 57% of respondents use rolling forecasts, 5% lower than last year. Rolling forecasts seem to be more common in organizations where technology solutions are in place. In fact, 61% of driver-based planning respondents, 63% of AI/ML respondents and 67% of cloud-based respondents use rolling forecasts. This higher adoption rate is probably due to the modern technology solutions in place.
- ❖ 5% of users have adopted beyond budgeting – an approach that replaces an annual budget process with other techniques including rolling forecasts and market related targeting. The percentage of users remains the same as last year.

Zero-based budgeting

In recent years, zero-based budgeting (ZBB) has made a comeback. ZBB requires managers to justify all future expenditure rather than explain what has been spent in the past. It is seen as an effective process when deciding where to allocate funds.

The survey showed that 38% of all respondents have successfully implemented ZBB¹². This same percentage increases to 48% where respondents have rated themselves as high-performing. Asia is the biggest user of ZBB where 53% have carried out successful implementations.

¹² Q24 - How would you describe your experience with zero-based budgeting?

*“Speed and agility
are the two key
requirements of
planning”*

Cash-flow planning

In 25% of organizations, FP&A is solely responsible for providing cash flow forecasts. In comparison, 31% of FP&A teams share that responsibility with other teams and 14% are simply not involved at all.

In today's volatile world, cash has become vitally important to any organization's sustainability. There is a growing trend to a 3-way planning process, that involves generating a combined P&L, balance sheet and cash flow statement with any plan or forecast. We believe this is a trend that FP&A must adopt in order to become a strategic advisor.

Crypto currencies

Crypto or digital currencies such as Bitcoin are starting to be more widely used. According to Fortune Business Insights, the cryptocurrency market size is set to grow from USD 1.6 billion in 2021 to USD 2.2 billion by 2026, at a CAGR of 7.1%¹³.

However, only 19% of respondents agreed, or strongly agreed, that FP&A professionals should expand their knowledge of cryptocurrency. In fact, the majority (51%) disagreed¹⁴ with this statement.

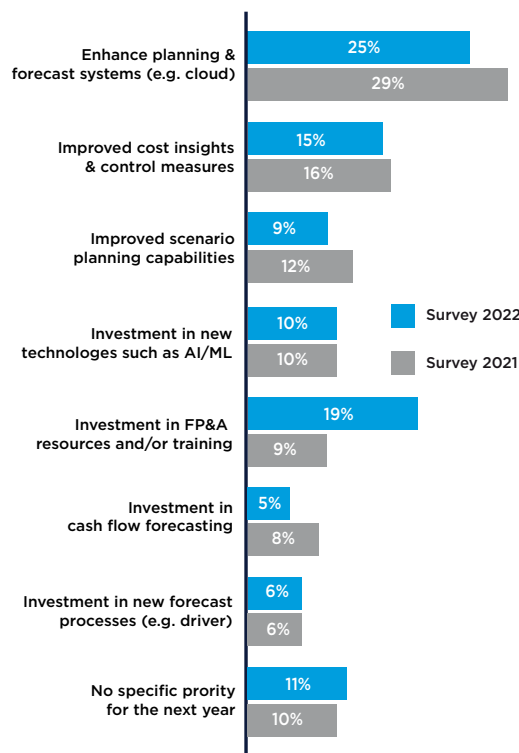
8. WHAT DOES THE FUTURE HOLD?

FP&A's highest priority for 2022

- Enhancing the planning and forecasting system continues to be the highest priority for FP&A 25% (2021: 29%)¹⁵.

As the world emerges from the economic slowdown, respondents were asked about their top FP&A transformation priorities (fig. 14). For the last two years, the highest priority for FP&A has been the same: the enhancement of FP&A planning and forecasting systems (2022: 25%, 2021: 29%).

"It is more important to have skills that can understand and navigate the business environment, than control costs"



The second highest priority is investment into FP&A resources and training (2022: 19%, 2021: 9%). This marks a change from last year's results where the second highest priority was improved cost insights and control measures (2022: 15%, 2021: 16%).

We believe this change has occurred because in uncertain times it is more important to have skills that can understand and navigate the business environment, than control costs. Yet costs remain a high priority.

Interestingly, improved scenario planning capabilities moved from third place in 2021 (12%) to sixth place in 2022 (9%). We are not sure why this is the case since scenario planning is a vital tool for navigating an uncertain future.

Fig. 14:

Top FP&A transformation priorities for 2021 and 2022

¹³ <https://www.fortunebusinessinsights.com/industry-reports/cryptocurrency-market-100149>

¹⁴ Q5 - As an FP&A professional I am expanding my knowledge of cryptocurrency

¹⁵ Q31 - What is your FP&A team's highest priority for finance transformation in 2022?

When looking by geographic region, we see that North America and Europe have the same top priorities. Asia is, however, different – Improved insights and control measures is the number one priority (22%), alongside improvement in FP&A resources and training. The third priority is improved scenario planning (18%), which would indicate that Asia is looking towards a much more agile planning process that caters for multiple future outcomes.

Going beyond finance (xP&A)

- **16% of respondents have completely embraced xP&A (extended planning and analysis)¹⁶.**

Planning and forecasting are critical activities managed by FP&A. The speed and accuracy at which these tasks are conducted have a massive impact on an organization's ability to manage the future. In recent years, we have seen organizations move towards something that Gartner calls xP&A. This is where FP&A's capabilities – such as continuous planning, rolling forecasts and advanced analytics – are extended across the enterprise. It requires FP&A to focus on the performance drivers throughout the company, supported by modern technology solutions. It is where FP&A work alongside operational and other departments to ensure that plans cover all aspects of the whole organization.

Overall, the survey showed that 16% of respondents have completely embraced xP&A. This percentage rises to 50% for organizations who consider themselves best in class, and 33% for those considered to be high performing. On average, 27% of organizations have started to plan and work with different departments, while 22% are considering the move. Worryingly, 35% are not yet on this journey (fig. 15).

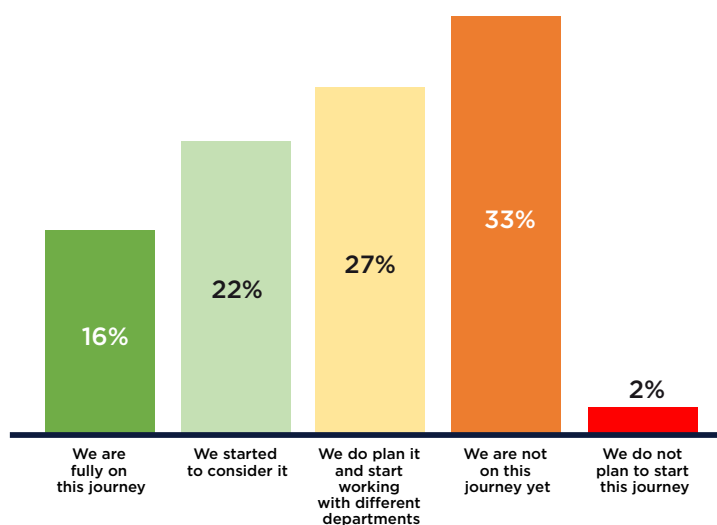


Fig. 15:
Adoption of xP&A

If we look at regions, 24% of Asian organizations are fully on the journey to xP&A, compared to only 15% in both North America and Europe.

FP&A skills

- **Analytical skills continue to be the most sought-after FP&A skill in 2022. 59% of respondents marking it as number 1 (2021: 50%), followed by 24% stating business skills (2021: 14%)¹⁷.**

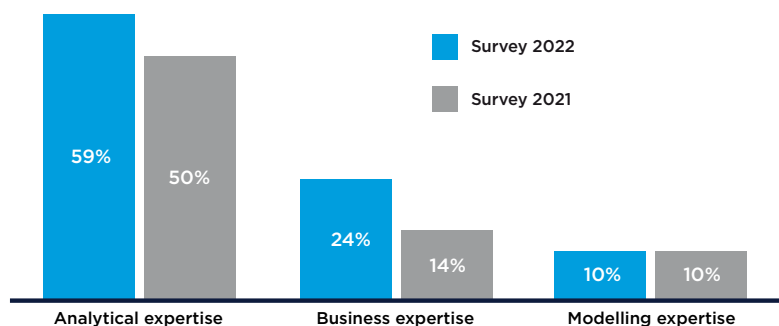
The most important skill for FP&A when hiring continues to be analytical expertise (fig. 16). This is now at 59% of respondents in 2022, a 9% increase in comparison to last year. The pandemic has shown that quick and insightful analysis of data is critical. Both to understand what is happening, and to make decisions. Given the sophisticated tools and amount of accessible data available to FP&A, up to date analytic skills are essential.

¹⁶ Q08 - Where would you say your organization is on the extended planning and analysis (xP&A) journey?

¹⁷ Q4 - When hiring a new FP&A team member what is the most important skill?

“Speed and accuracy of planning has a massive impact on an organization’s ability to manage the future”

Fig. 16:
The top 3 skills required
of new FP&A hires



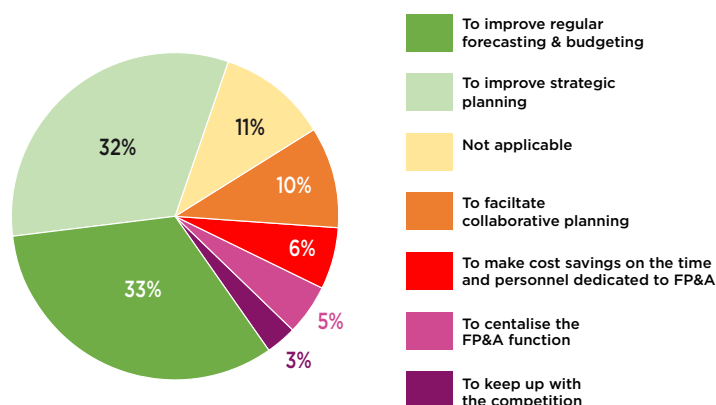
The next most important skill required by FP&A team members is business expertise, whose requirement has increased by 10% since last year. We believe this reflects the need for organizations to embrace xP&A and the importance for FP&A staff to understand the needs of each and every part of the organization.

Investment in FP&A

- The biggest obstacle to investing in FP&A is justifying the return on investment (ROI) when compared to shorter term investments in sales and marketing (36%)¹⁸.

FP&A departments are at the forefront of navigating their organizations through an unprecedented and uncertain business environment. In fact, top reasons given for organizations to invest in FP&A, over the next 12 months, are to improve forecasting (33%) and strategic planning (32%) (fig. 17).

Fig. 17:
The reasons to invest in FP&A
over the next 12 months



Technology is a key enabler for FP&A. In fact, without the right technology investment, FP&A cannot adequately fulfill its role. However, as in previous years, the biggest obstacle to investment in FP&A is justifying the ROI when compared to shorter term investments in sales and marketing (36%). Furthermore, 27% of organizations believe that FP&A cannot be considered a strategic investment.

We believe that FP&A should be the highest investment priority for any organization since it not only improves short-term performance but also establishes a stable, agile approach to decision-making for the foreseeable future.

¹⁸ Q30 - What is the biggest obstacle preventing your FP&A team from getting the investment it requires?

9. CONCLUSIONS AND RECOMMENDATIONS

For the past 2 years, organizations have had to deal with many, unprecedented challenges created by the global pandemic. For FP&A, this has involved creating insights as to how the business is performing in times of uncertainty and in preparing plans for a range of possible futures. As we have seen from the survey, it has required FP&A to challenge traditional planning and analysis methods, and to adopt new tools and techniques. **We believe this transformation of FP&A will continue, and we therefore recommend the following actions:**

- ❖ FP&A need to move away from low value work and find a way to free up their time for higher value tasks that will allow them to be the business partners their companies so desperately need. This may be a combination of quick fixes and long-term movements. The most important thing is for FP&A leaders to take the first step and use technology to automate manual and low-value processes.
- ❖ Develop an FP&A team with the right analytical and business skills. This will most definitely require training for existing teams and may also require the recruitment of new people.
- ❖ Data is king. If your data is not in good shape, you need to invest in master data management (MDM). You also need to ensure that, in your organization, there is a single source of data that everyone agrees on that can be provided in a timely and accurate way.
- ❖ Invest further into the tools that will help your team run scenarios. Cloud-based solutions have started to show their value in this area.
- ❖ Investigate AI/ML as a way to discover the organization's performance drivers and make unbiased predictions.

These steps will elevate any FP&A department to strategic advisor status, where they are valued and can deal with uncertainty.

Finally, with a paper of this size, it is not possible to present all of the insights that can be drawn from the analyses and data gathered. For example, the paper does not go into detail about how the different geography, industry, and size of a company impacts their approach to FP&A. For this reason, the majority of analyses presented are averages. As a result, we plan to share access to the raw data over the coming months. This way you will be able to examine the results for a more defined group of organizations that represent your peers.

ABOUT FP&A TRENDS SURVEY

FP&A Trends Survey is an independent research team of thought leaders:

Larysa Melnychuk, CEO, FP&A Trends Group

James Myers, CEO, FP&A Strategy Consulting

Michael Coveney, Head of Research, FP&A Trends Group

Our mission is to provide insight into the changing role of modern FP&A and how technology supports this evolution.