

BillingPlatform

2021 Trends In Finance Survey

A Perspective on Market Outlook
and Strategies for Growth



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Executive Summary

The results here are based on a late October - early November 2020 survey of Finance decision-makers at organizations in the U.S. with more than \$50 million in annual revenue.

- Nearly half (47%) felt that an **economic upturn** in 2021 is “Very likely,” while another 36% felt it is “Somewhat likely.” Combined, more than eight-in-ten (83%) felt it was *at least* somewhat likely. This is encouraging, but it is important to keep these results in context. At the time of the survey, respondents had about eight months of the coronavirus pandemic behind them. Record job losses and layoffs occurred early in the pandemic, but many jobs have come back in recent months. The unemployment rate is still higher than before the pandemic, but it has improved.
- Nearly four-in-ten (39%) felt that **macroeconomic issues** will have a “Big impact” on their budget in 2021, while another 42% felt it will have “Somewhat of an impact.” Combined, eight-in-ten (81%) expected *at least* some impact.
- More than two-thirds (69%) anticipate an increase in their **budget** for 2021 (versus 2020 actual spend), while one-in-six (17%) anticipate a decrease. This is encouraging, but there is still uncertainty about the economy in the future. Based on the point above (i.e., macroeconomic forces often impact budgets), if instead of a widely anticipated economic upturn in 2021, there is a downturn, then many may be disappointed by what happens with their 2021 budget.
- Of seven possible **strategies to drive revenue growth** in 2021, more than half expect to be “Launching new products/service to increase market mix” (53%) and “Instituting new business models to combat market disruption” (52%).
- More than half (57%) felt fully enabled and operationally capable of executing the **overall lead-to-revenue process** to achieve their 2021 revenue initiatives.
- Considering different **components of the lead-to-revenue process**, more than half gave a rating of “Very optimized and adaptable” for ERP (58%), CRM (53%), and Monetization (51%), while close to half gave this rating for CPQ (47%).
- When asked about the **highest-priority challenge** facing their finance team in 2021, the most frequently selected challenge was “Economic uncertainty” (25%) – not surprising due to the pandemic. However, as shown later in this report, eight other challenges were selected by noticeable proportions of respondents.
- When thinking about actions to take in 2021 to **adapt to the current global economic situation**, the most common actions were investing in cloud-based technologies (42%), followed closely by identifying ways to drive higher revenue through new products or services (41%).
- When asked about the **technology issue most important to finance operations** in 2021, the issue selected most often was “Transitioning legacy IT infrastructure to the cloud” (30%), followed by “Transitioning legacy enterprise applications to the cloud” (16%). This point and the point above show that the cloud is often important in Finance decision making.
- When thinking about the **regulation that has challenged their department most** over the past 3 years, GDPR was selected most often (13%), followed by HITECH (12%). A number of other regulations were selected, while only 13% did not know or were not concerned about any regulations.

- Slightly more than four-in-ten (42%) considered **cybersecurity among the top concerns/risks** for the finance team, while a similar proportion (38%) felt that cybersecurity was a “Moderate concern” to the finance team. Combined, eight-in-ten (80%) had *at least* moderate concern about cybersecurity. At the same time, half (50%) felt they were in **great shape to handle any cybersecurity issues**, while most others (46%) felt that they “Would probably handle it ok.”
- In terms of **Finance’s role in protecting their organization from a cybersecurity issue**, more than half reported Finance talking to senior leadership about the potential financial impact of cybersecurity issues (58%) and/or educating staff on potential scams and how to deal with them (53%). On the other hand, approximately one-fourth (26%) indicated that Finance has no role in protecting the organization from a cybersecurity issue. Thus, a majority of Finance departments have at least some role in cybersecurity protection.
- Half (50%) reported that between 50% and 89% of overall accounts receivables are received in the form of **digital payments**, while one-third (34%) reported 90% or more digital payments.

Detailed Findings

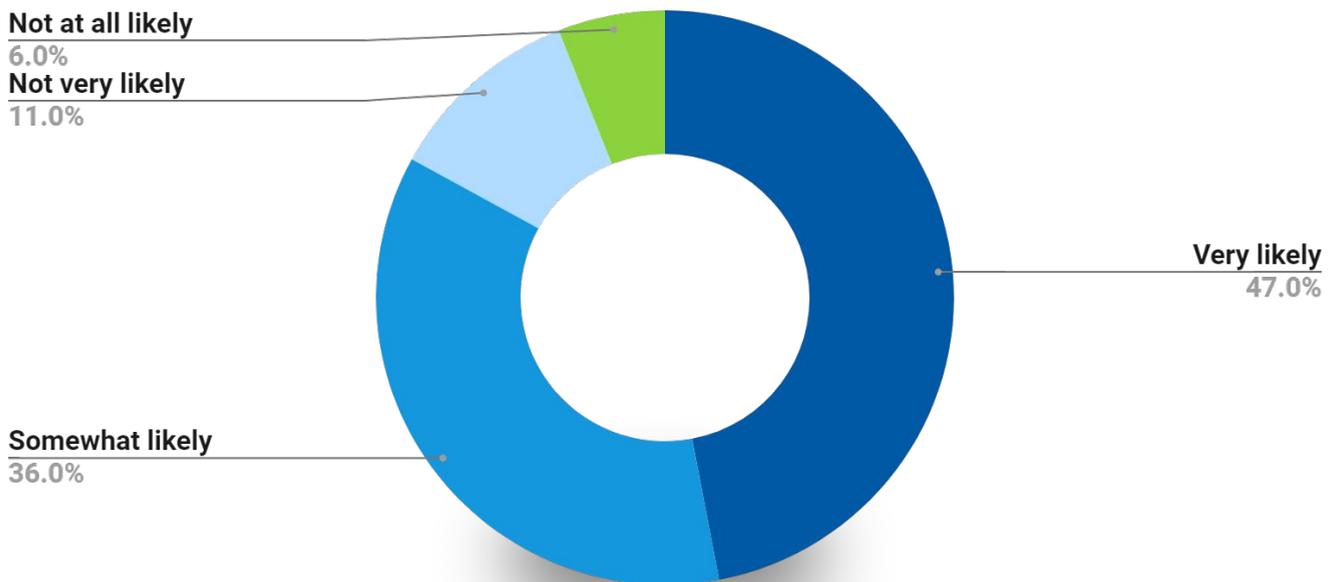
Methodology

- To qualify to participate in the full survey, respondents needed to report working for an organization with **more than \$50 million in annual revenue**, having a job function of **accounting, billing, or finance**, and being a financial decision-maker for their organization. More than half (57%) reported that their organization had \$100 million or more in revenue, while 43% had between \$51 million and \$99 million in revenue. More than nine-in-ten (92%) worked in Finance, while others reported working in Accounting or Billing. Top mentioned titles were **CFO** (28%), **Director** (23%), **Senior Director** (20%), and **Senior Vice President** (17%).
- Most industries were included, with the exception of government and healthcare/hospitals. Top mentioned industries included financial services (30%), computer/IT services (14%), retail stores (6%), construction (6%), technology development (6%), and business services (4%).
- Detailed results for the survey questions are shown on the following pages. In the analysis, comparisons between different subgroups were examined, and comments are made in this report about noteworthy and significant differences by subgroup. For example, in multiple parts of this report, it is noted that CFOs were more likely than those with other titles to express particular views.
- A survey was conducted earlier in 2020 (before the pandemic was in full swing) that had some of the same questions, and comparisons to these past results are made in this report where appropriate. (In some cases, past questions were similar, but changes in structure or wording did not allow valid comparisons.)

2021 Economic Upturn

To help understand expectations for the future (as of October/November 2020), survey respondents were asked the following question:

“In your view, how likely is there to be an economic upturn in 2021?”

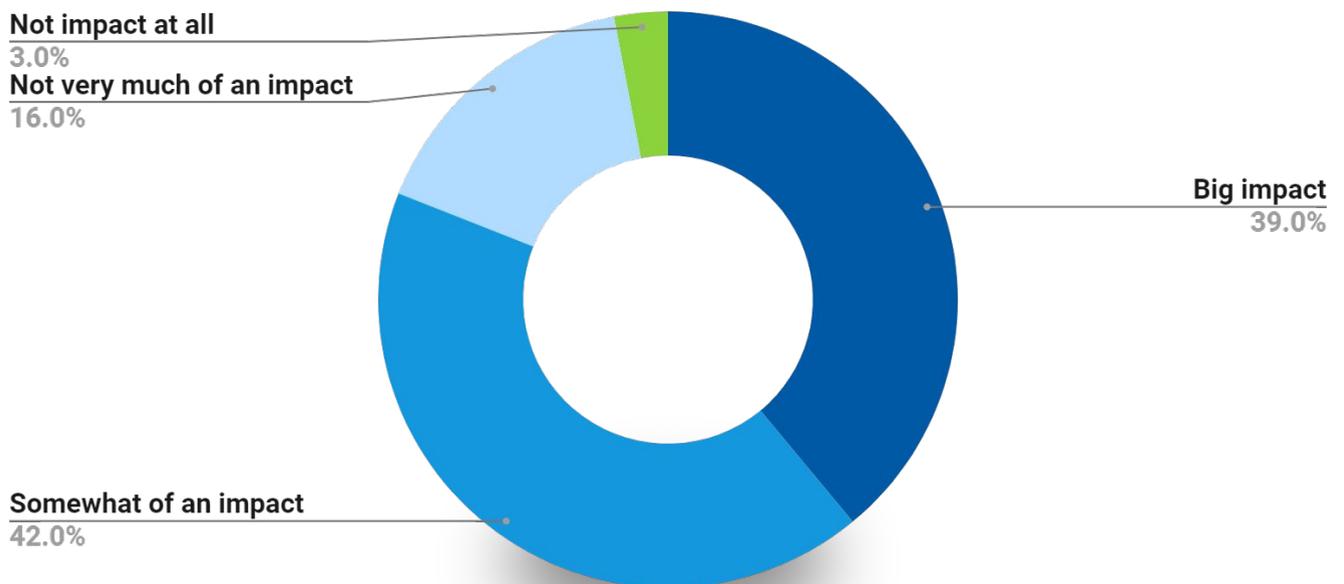


- The chart above shows that 47% felt that an economic upturn in 2021 was “Very likely.” Another 36% thought this was “Somewhat likely.” Combined, 83% gave a rating of *at least* “Somewhat likely.”
- In the survey, respondents had the option to select “Have no idea,” but only 3 respondents did so, and these 3 respondents were excluded from the results in the chart. Many other questions in the survey included the “Have no idea” option. This is good practice in case a respondent really doesn’t know how to answer. However, it is also good news when very few select the option, since it shows that most respondents had the knowledge and comfort level needed to answer the question.
- Results in many parts of this report also exclude the “Have no idea” responses, as the number selecting this option was low throughout the survey.
- Based on a separate analysis (not shown in chart), those who had the title of CFO were significantly more likely than others to be upbeat, with 68% of CFOs rating “Very likely.”

Macro Impact On 2021 Budget

Shifting to the budget of the respondent's department, the following question was asked in the survey:

"What impact, if any, do you feel that macroeconomic concerns (e.g., GDP growth/decline, job gains/losses, COVID-19, global trade dynamics, etc.) will have on your/your department's 2021 budget?"

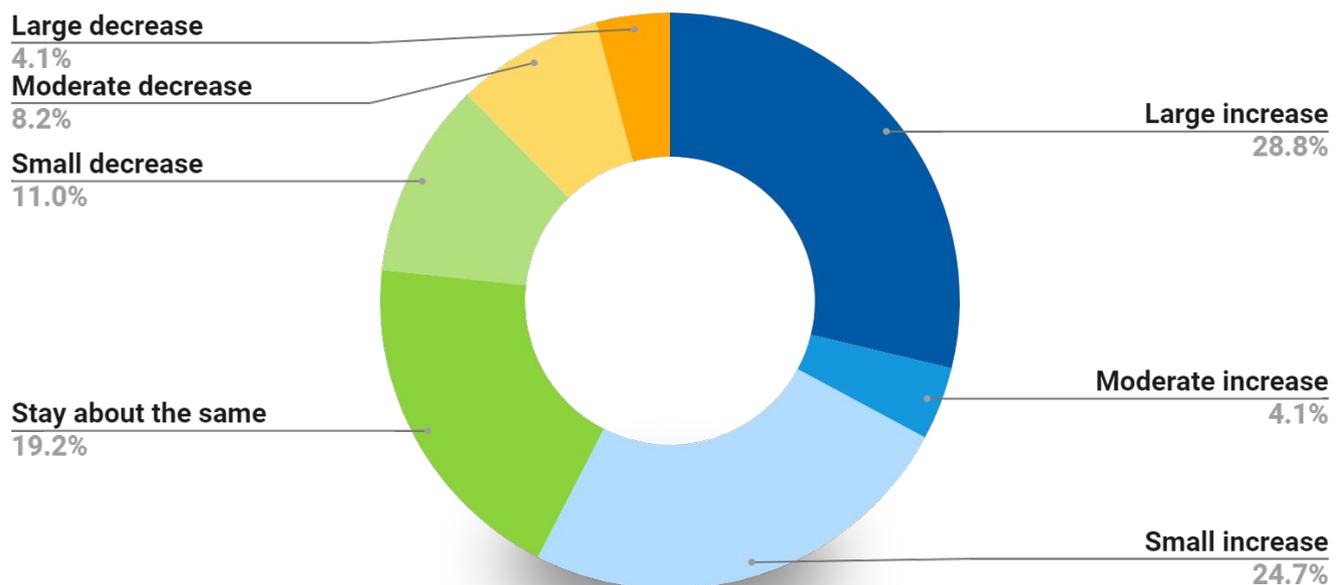


- Nearly four-in-ten (39%) felt there would be a "Big impact," while another 42% felt there would be "Somewhat of an impact." Combined, 81% felt there would be at least "Somewhat of an impact."
- Based on a separate analysis (not shown in chart), among those who rated "Very likely" for the question on the previous page, 57% felt that macroeconomic issues would have a "Big impact" on their department's budget. In other words, among those most optimistic about a 2021 economic upturn, a majority were anticipating a "Big impact" on their budget.
- Among CFOs, 48% were expecting macroeconomic issues to have a "Big impact" on their budget.

2021 Anticipated Budget Change

Digging further into the anticipated 2021 budget:

“Which of the following do you anticipate for your/your department’s budget for 2021 (versus 2020 actual spend)?”



- More than two-thirds (69%) anticipate an increase, with 21% anticipating a large increase, 30% anticipating a moderate increase, and 18% anticipating a small increase.
- One-in-six (17%) anticipate a decrease in their 2021 budget.
- Based on a separate analysis (not shown in chart), 95% of those who anticipate a large increase in their budget also felt that an economic upturn in 2021 is “Very likely.” In other words, budget predictions can be related to expectations for the economy in 2021.
- CFOs were more likely than others to anticipate a large increase (34%).
- In a survey conducted earlier in 2020 (before the full emergence of the pandemic), 50% were expecting an increase (i.e., at least small) and 35% were expecting a decrease in their budget in the next year. Thus, hopes for an increase in 2021 have become more common as of October/November 2020. To be sure, though, current anticipation of an increase is relative to recent effects of the pandemic.

Strategies To Drive Revenue Growth

What strategies will your business undertake to drive revenue growth in 2021?

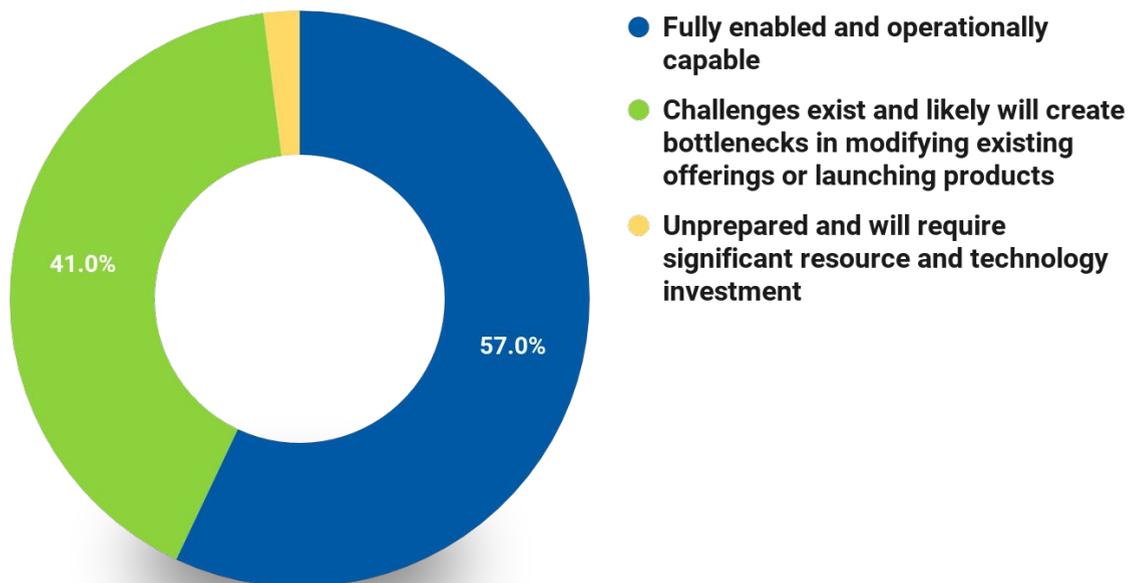
1st Selection	2nd Selection	3rd Selection	Among Top 3	
20%	20%	13%	53%	Launching new products/services to increase market mix
18%	20%	14%	52%	Instituting new business models to combat market disruption
16%	14%	14%	44%	Offering promotional bundling and pricing incentives
11%	15%	17%	43%	Leveraging recurring or consumption-based billing to offer more attractive pricing
13%	13%	16%	42%	Expanding product footprint into new global regions
13%	9%	10%	32%	Raising prices for existing products/services
8%	7%	10%	25%	Merging with or acquiring other businesses

- Respondents were presented with seven possible strategies for driving revenue growth in 2021, and they were asked which strategy or strategies their organization planned to undertake. Respondents were allowed to select up to three strategies. For example, 20% selected “Launching new products/services to increase market mix” as their first strategy, while 20% selected this strategy second, and 13% selected it third. Combined, 53% included this strategy among their top 3.
- Respondents were also able to choose “Other” if they didn’t feel any of the options presented applied to their organization. This is good practice, since it doesn’t force respondents to select a strategy that might not be applicable. It turns out that only 6 respondents selected “Other.” This is good news in that it suggests that the list of strategies shown in the survey did a good job of covering the types of strategies likely to be applied.

Lead-To-Revenue Readiness

Next, the survey addressed the lead-to-revenue process:

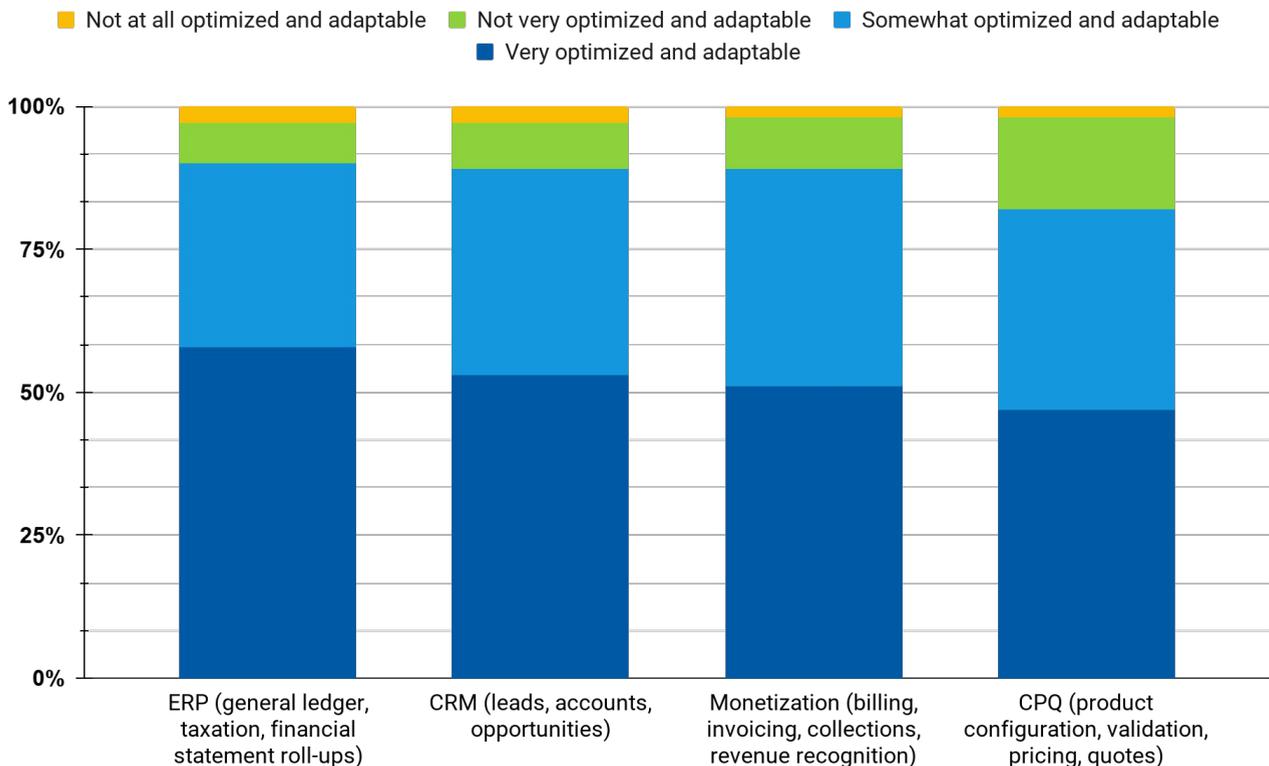
“How would you rate your current ability to execute the lead-to-revenue process to execute these 2021 revenue initiatives?”



- More than half (57%) felt that their organization was fully enabled and operationally capable of executing the lead-to-revenue process.
- Only a small proportion (2%) felt unprepared, but a sizable proportion (41%) felt that challenges exist.
- Based on a separate analysis (not shown in chart), 71% of those with a title of CFO felt fully enabled and operationally capable.
- Among those anticipating a large increase in their budget, 87% felt that they were fully enabled and operationally capable.

Lead-To-Revenue Process Components

Within your current lead-to-revenue process, how would you rate your level of optimization and adaptability to support 2021 revenue goals?

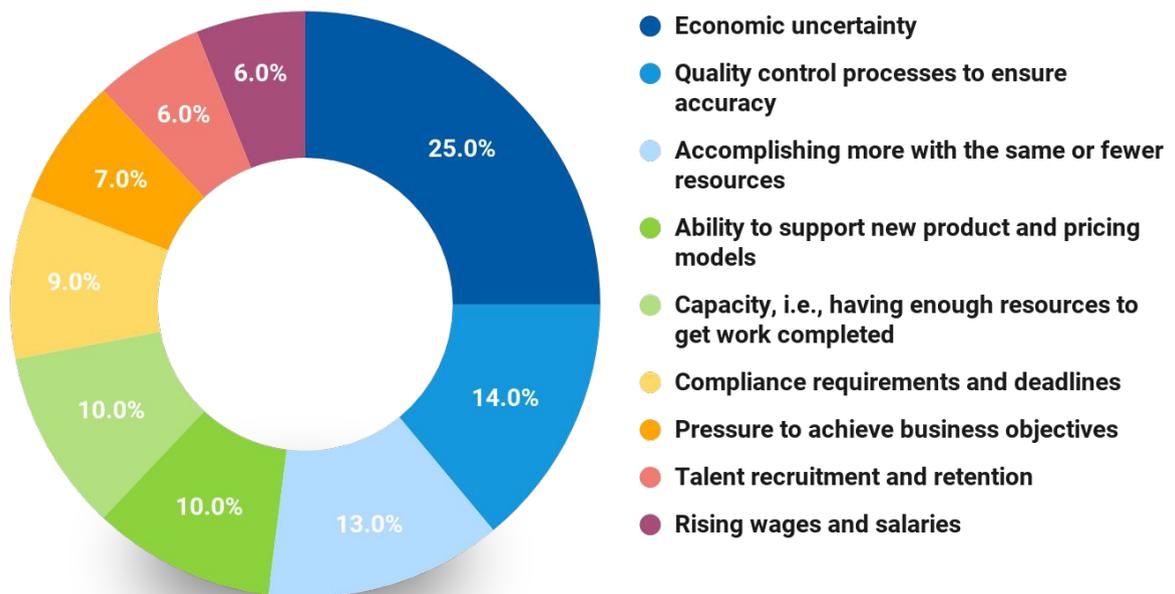


- On the previous page it was shown that 57% felt their overall lead-to-revenue process was fully enabled and operationally capable. This page shows results for different components of the overall process. The strongest result was for ERP, with 58% rating “Very optimized and adaptable.” The results for CPQ were not as favorable as for other components, but nearly half gave the highest rating for this part of the lead-to-revenue process. As was the case for the measure on the previous page, the proportion rating “Very optimized and adaptable” was higher among CFOs for each component.

Finance Team Highest-Priority Challenge

Shifting to issues faced by the finance team:

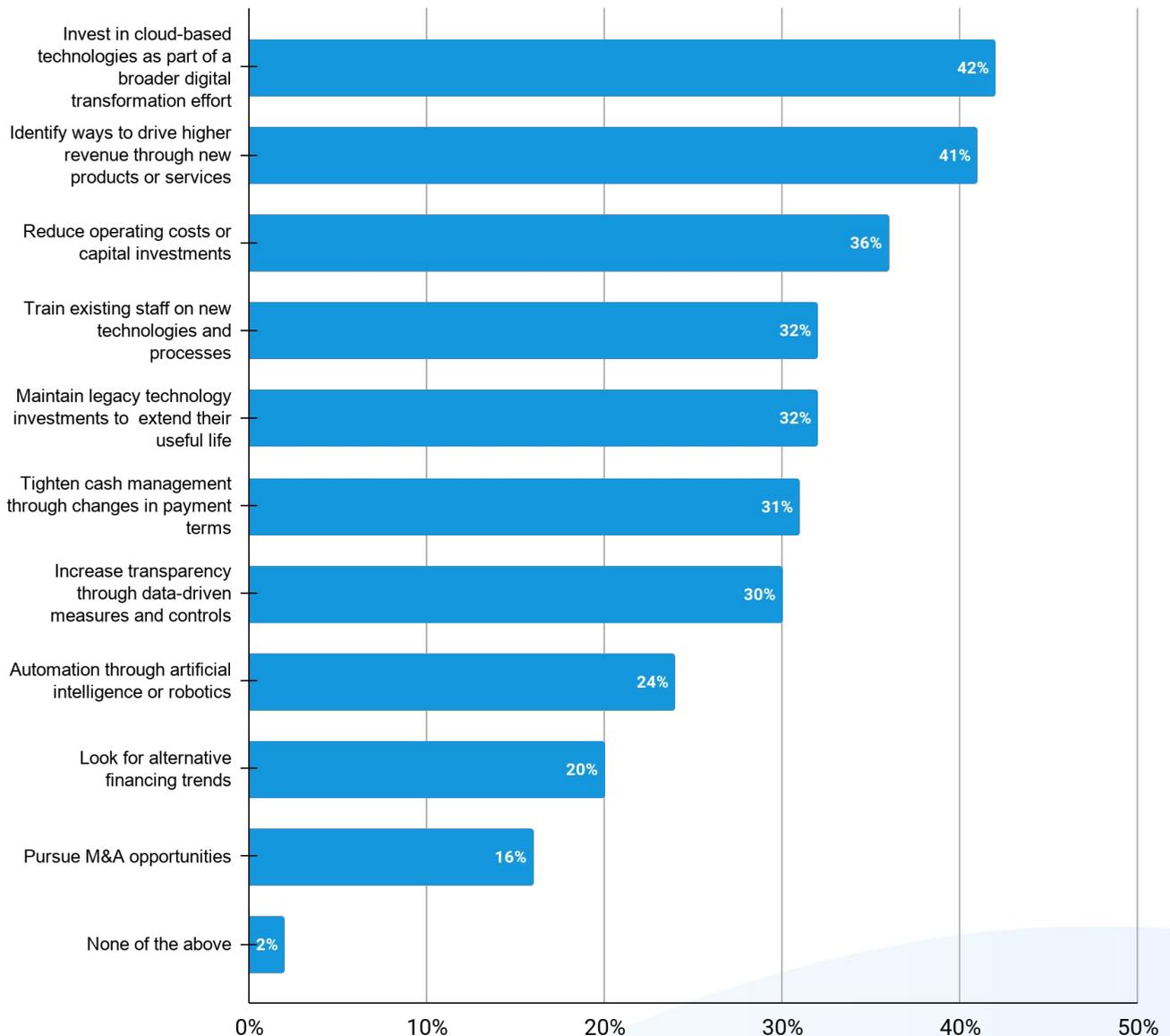
“Which is the highest-priority challenge facing your finance team in 2021?”



- The challenge with the highest proportion was “Economic uncertainty,” with 25% feeling that this was the highest-priority challenge facing their finance team in 2021.
- Each of the nine challenges shown in the chart to the right were presented in the survey, so that respondents could select the one challenge that was their highest priority. There was an “Other” option, but it was selected by only one respondent. This suggests that the list of items shown in the survey covered the key challenges.
- Based on a separate analysis (not shown in chart), although CFOs had significantly higher results on some measures as noted throughout this report, for this question, 25% of CFOs selected “Economic uncertainty,” matching the total sample result.
- In a survey conducted earlier in 2020 (before the pandemic was in full swing), 17% selected economic uncertainty.

Adapting To Global Economics

In reaction to the current global economic situation, which of the following has your organization's finance function taken or is likely to take in 2021?

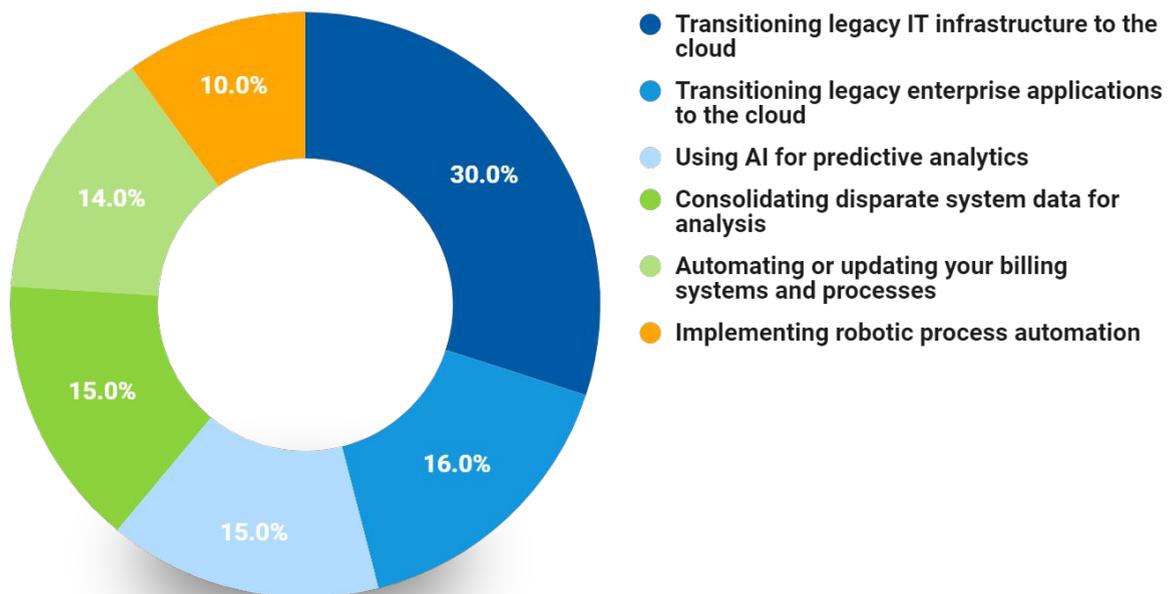


- The most common action taken or likely to take in 2021 to adapt to the current global economic situation was investing in cloud-based technologies (42%), followed closely by identifying ways to drive higher revenue through new products or services (41%).
- Only 2% felt that none of the steps presented in the survey were likely for their organization to take in 2021.

Top Technology Issue For Finance

The following question focused on technology in finance operations:

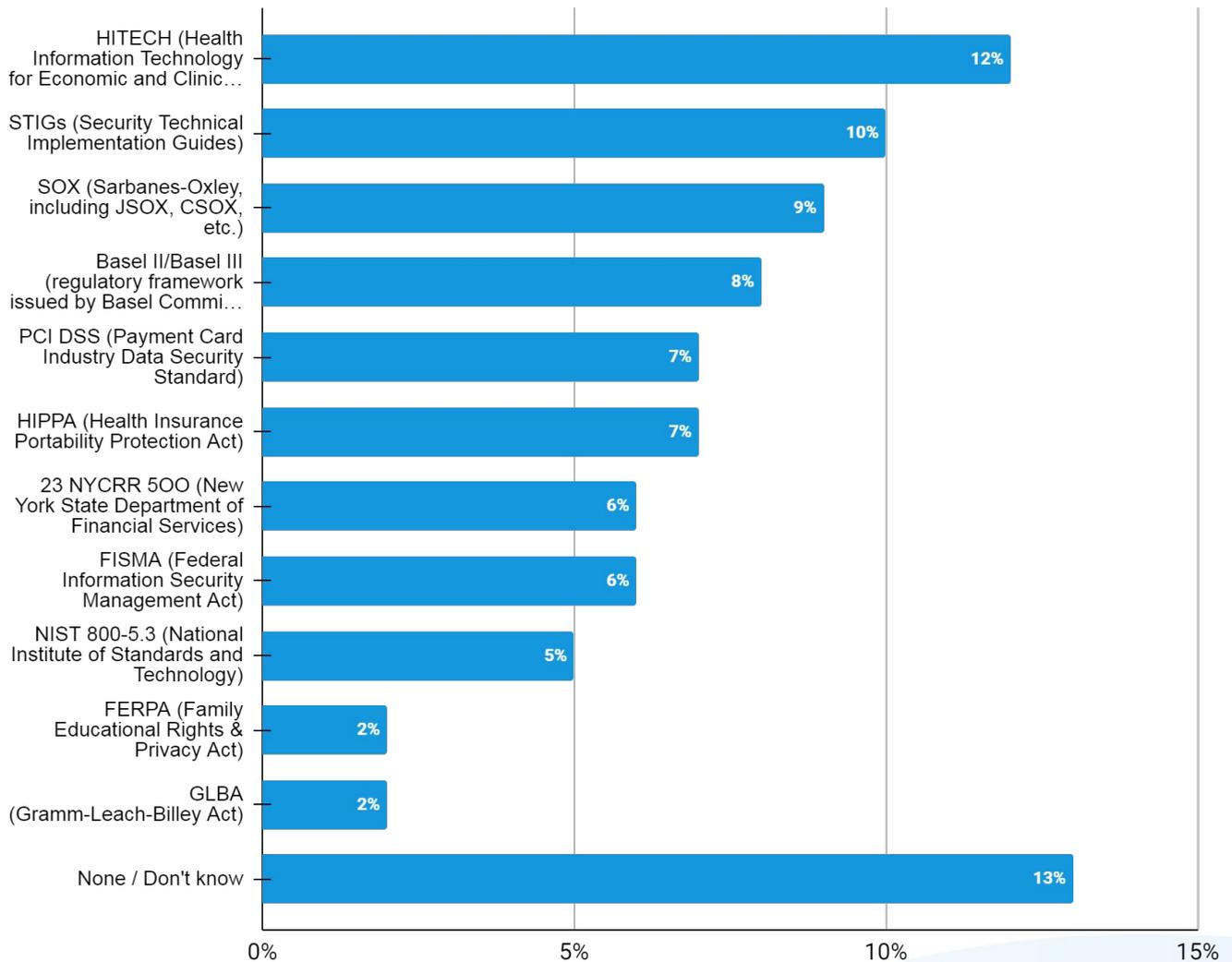
“Which technology issue is most important to your finance operations entering 2021?”



- The issue selected most often was “Transitioning legacy IT infrastructure to the cloud” (30%). The second most frequently selected option also involved the cloud: “Transitioning legacy enterprise applications to the cloud” (16%).
- Note that the top selected option on both this page and the previous page involved the cloud. This suggests that the cloud is a common issue, although the nature of the options on this page were not the same as on the previous page. Among those who selected “Transitioning legacy IT infrastructure to the cloud” in the question on this page, 49% also selected “Invest in cloud-based technologies as part of a broader digital transformation effort” in the question shown on the previous page.
- In a survey conducted earlier in 2020 (before the full emergence of the pandemic), 18% selected “Transitioning legacy IT infrastructure to the cloud,” and this was significantly lower than the result above (30%).

Most Challenging Regulation

“Which regulation has challenged your department most over the past 3 years?”



- The question above allowed only one answer per respondent because it was about the most challenging regulation. GDPR was selected most often (13%), followed by HITECH (12%).
- Results from questions allowing only one answer per person are often shown in pie charts or stacked bar charts. However, on this page, a regular bar chart was used because of the large number of response options.
- In a survey earlier in 2020 (before the pandemic was in full swing), the top mentioned regulation for this question was SOX (18%), followed by Basel II (13%), and then GDPR (10%). In that survey, only 4% selected HITECH, which was selected by 12% in the current survey.

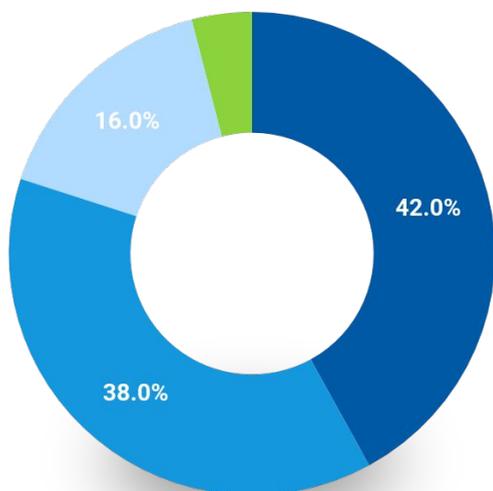
Cybersecurity Concern/Preparedness

Shifting to cybersecurity in the finance department, the charts below show the results for the following two questions:

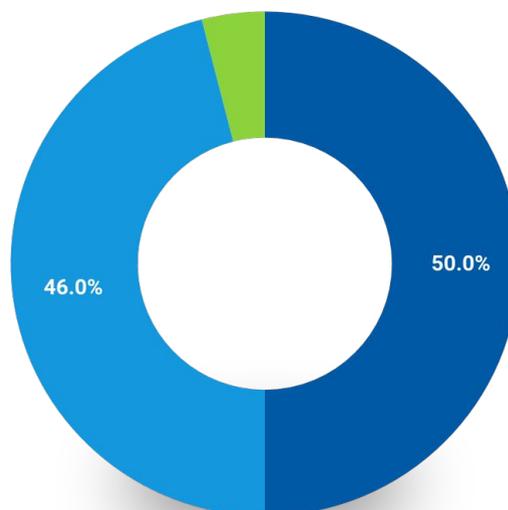
“How significant a concern is cybersecurity to your finance team?”

“How would you rate your department’s ability to handle a major cybersecurity issue?”

● Among the top concerns/risks ● Moderate concern
 ● Minimal concern ● Not a concern



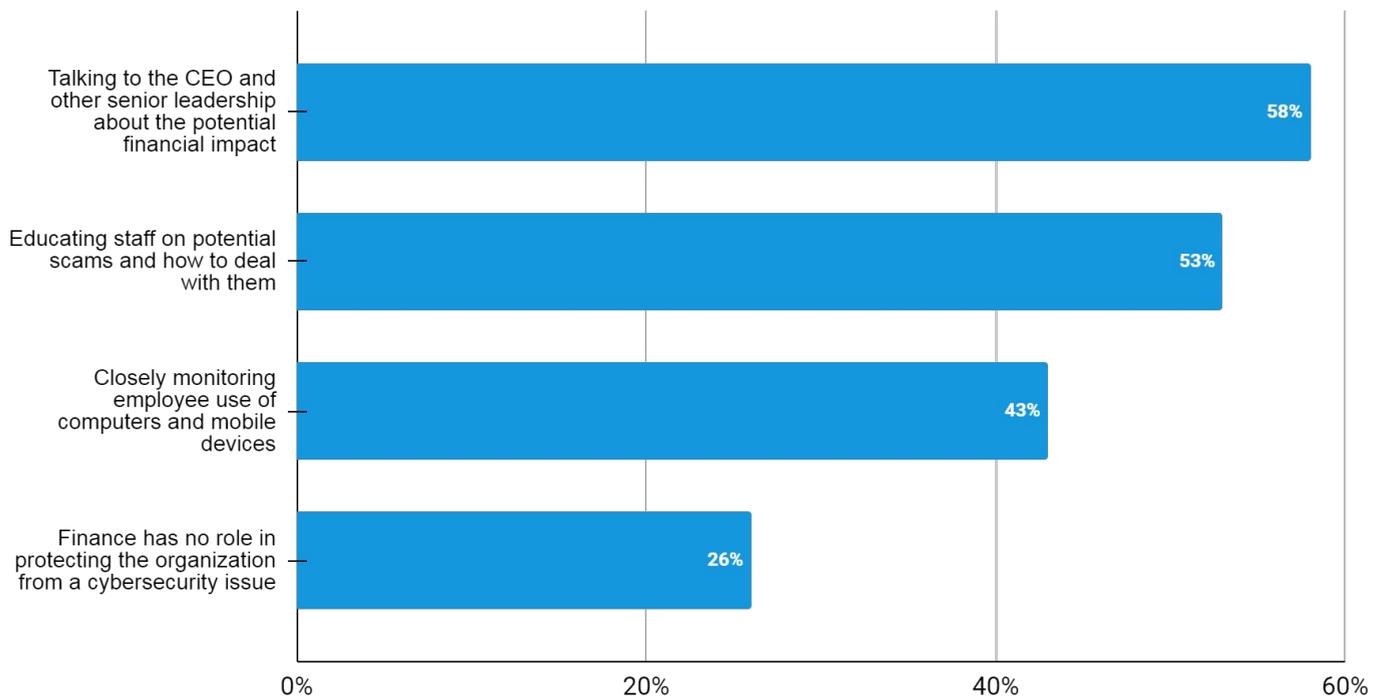
● We're in great shape to handle any cybersecurity issues
 ● We would probably handle it ok
 ● We wouldn't handle it well at all



- Slightly more than four-in-ten (42%) felt that cybersecurity was among their top concerns/risks, while a similar proportion rated it a “Moderate concern” (38%). Combined, 80% felt that concern about cybersecurity was at least moderate for the finance team.
- In the second question, half (50%) felt they were in great shape to handle any cybersecurity issues. Based on a separate analysis (not shown in chart), among those who rated cybersecurity a top concern, 64% felt they were in great shape. However, this leaves 36% of those who consider cybersecurity a top concern who don't feel they are in great shape, although they typically felt that they would probably handle it ok.
- CFOs were more likely than others to feel in great shape on cybersecurity (65%).
- In a survey conducted earlier in 2020 (before the pandemic was in full swing), 33% felt they were in great shape to handle any cybersecurity issues, and this was significantly lower than in the current survey (50%).

Finance's Cybersecurity Role

What is Finance's role in protecting the organization from a cybersecurity issue?



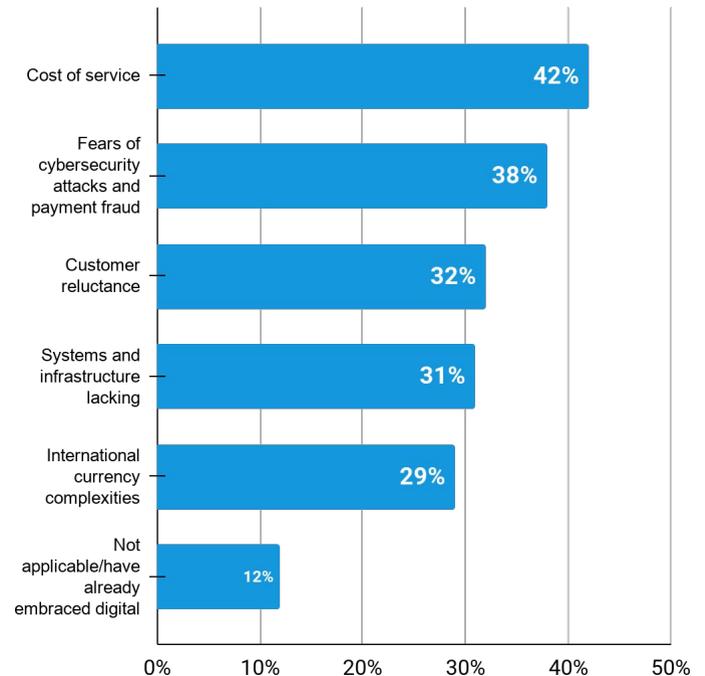
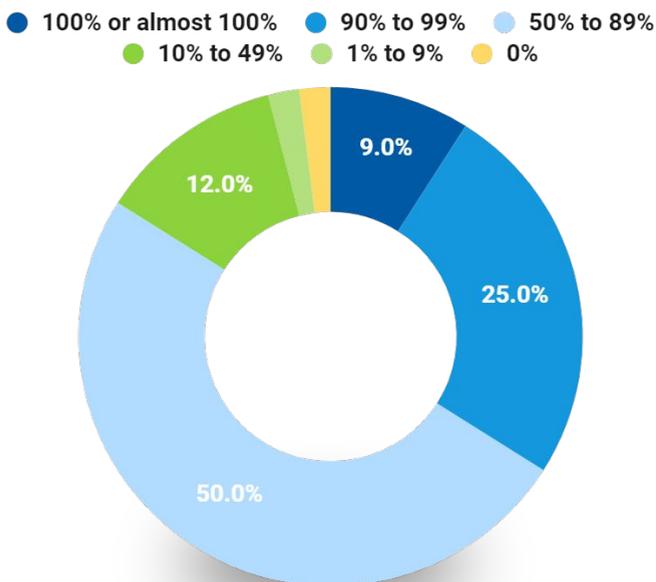
- More than half reported Finance talking to senior leadership about the potential impact of cybersecurity issues (58%) and educating staff on potential scams and how to deal with them (53%).
- On the other hand, approximately one-fourth (26%) reported that Finance has no role in protecting the organization from a cybersecurity issue.
- Based on a separate analysis (not shown in chart), 74% of CFOs reported talking to the CEO and other senior leadership about the potential financial impact of cybersecurity issues.

Digital Payments

Two questions were asked about digital payments:

“What percentage of overall accounts receivables does your organization receive in the form of digital payments?”

“What barriers exist for your organization to embrace digital payments if it hasn’t already?”



- Half (50%) reported that between 50% and 89% of overall accounts receivables are received in the form of digital payments, while one-third (34%) reported 90% or more digital payments.
- In the second question, “Cost of service” was the most often mentioned barrier to the full embrace of digital payments (42%).
- One-in-eight (13%) indicated that they have already [fully] embraced digital payments. However, based on the first chart, it appears that more have already largely embraced digital payments. Perhaps some were answering about why they don’t have 100% digital payments.