



## **The Changing Priorities of Chief Financial Officers (CFOs) and Chief Procurement Officers (CPOs)**

Finance and Accounting Outsourcing (FAO), Procurement Outsourcing (PO)  
Market Report – July 2019: Complimentary Abstract / Table of Contents

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## Membership information

- This report is included in the following research program(s)
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  - Procurement Outsourcing (PO)
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# Background and methodology of the research

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## Background of the research

In the current, fast-changing and highly-competitive business environment, the role played by CFOs and CPOs have undergone a significant transformation. Today, they are no longer just domain experts. They have evolved from being heads of their respective support functions to strategic business leaders. This is largely due to the increased expectations that enterprises have from them to deliver business outcomes such as working capital optimization, demand management, and stakeholder experience improvement.

**In this research study, we analyze the changing priorities of CFOs and CPOs as part of their transition towards a strategic leadership role. We focus on:**

- Evolution of roles over time covering traditional responsibilities, areas of cross-functional collaboration, and increasing scope of functional responsibilities
- Role played by third-party service providers in addressing the typical pain points of CFOs and CPOs
- Assessment of service provider delivery capabilities

**The scope and methodology of this report includes:**

- Structured questionnaires were executed, and interviews conducted with enterprises, capturing qualitative and quantitative insights of their engagements with 30+ FAO and PO service providers.
- Sample size included 70+ buyer interactions across multiple industries and geographies in 2018-2019
- Evolution of enterprise expectations was analyzed and service performance was assessed on different parameters across industries. Based on this, gap analysis and service providers' performance benchmarking was conducted

# Overview and abbreviated summary of key messages

This report explores the evolving roles of CFOs and CPOs, covering their traditional responsibilities, areas of cross-functional collaboration, and increasing scope of functional responsibilities. It provides an understanding of the role played by third-party service providers in addressing the typical pain points faced by CFOs and CPOs. This includes performance assessment of service providers across traditional as well as new-age performance metrics. The report also highlights key capabilities / outcomes that enterprises should focus in their engagement with service providers.

**Some of the findings in this report, among others, are:**

## Evolution of roles

- As heads of their functions, CFOs and CPOs are increasingly expected to play the role of business leaders who leverage strategic insights to support business decision making
- Their role now encompasses driving business outcomes such as working capital optimization, demand management, and improving stakeholder experience

## Increasing cross-functional collaboration





- There is an increased emphasis on cross-functional collaboration between F&A and procurement to enable a seamless flow of information that can be leveraged to generate more informed business insights and improved process efficiency
- Active collaboration is being witnessed in multiple areas such as Procure-to-Pay (P2P), cash flow strategy, and inventory management

## Strategic partnership with service providers

- CFOs and CPOs leverage outsourcing as a key lever to address the main pain points in their operations
- Enterprises expect service providers to leverage their advanced consulting, transformation, domain, and technology capabilities to deliver business impact and provide innovative solutions as part of their strategic partnership

# This study offers a deep dive into key aspects of the changing priorities of CFOs and CPOs; below are four charts to illustrate the depth of the report

## Evolution of roles of CFOs and CPOs

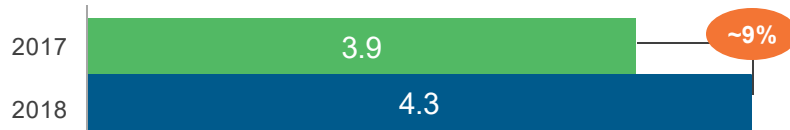
Role	Head of support function	Strategic business leader
<b>Strategy</b> 	Domain focus – functional strategy is defined on the basis of functional objectives	Strategic focus – functional strategy is aligned with overall corporate strategy to remain competitive
<b>Objective</b> 	Reduce cost and improve operational efficiency	Deliver business impact such as support in working capital optimization, demand forecasting, and improving stakeholder experience
<b>Decision making</b> 	Largely confined to function-specific issues	Assist in business decision making along with function-specific decisions
<b>Structure</b> 	Siloed – functions work independently, with limited information sharing and collaboration	Cross-functional collaboration between functions to create business value through more informed insights and improved end-to-end process efficiency

## Areas of cross-functional collaboration

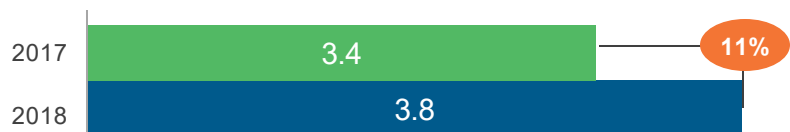


## Service providers' performance across key metrics

### Traditional metrics



### New-age metrics



## Buyer excerpts to illustrate capabilities of service providers

“ We outsourced our finance operations initially and added procurement to the scope as the relationship matured. We expect our service provider to continue bringing in **best industry practices**. ”

– Director Finance, leading consumer foods company

“ Our service provider manages **end-to-end P2P** process for us. They replaced our legacy technology with **technology solutions** such as RPA, which has increased productivity of our operations. ”

– Head of Finance, Asia, leading automotive parts supplier

# Research calendar – Finance and Accounting Outsourcing (FAO)

■ Published   ■ Planned   □ Current release

## Flagship FAO reports

### Release date

Finance and Accounting Outsourcing (FAO) Annual Report – 2018: Reimagining Finance through Technology .....	December 2017
F&A DAS – Service Provider Landscape with Solutions PEAK Matrix™ Assessment 2018 .....	August 2018
Finance and Accounting Outsourcing (FAO) – Service Provider Landscape with PEAK Matrix™ Assessment 2019 .....	March 2019
Finance and Accounting Outsourcing (FAO) Service Provider Compendium 2019 .....	June 2019
Finance and Accounting Outsourcing (FAO) Annual Report 2019 .....	Q3 2019
F&A DCP Service Provider Landscape with PEAK Matrix Assessment .....	Q4 2019

## Thematic FAO reports

F&A BPaaS: A Game Changer for SMB and Mid-market Companies .....	April 2018
Are Buyer Expectations Outpacing Provider Capabilities .....	May 2018
Your Complete Guide to Accounts Payable Transformation .....	February 2019
Digital Orchestration, Not Just Automation, is the Key to Success .....	March 2019
<b>The Changing Priorities of Chief Financial Officers (CFOs) and Chief Procurement Officers (CPOs) .....</b>	<b>July 2019</b>
Blockchain in F&A .....	Q3 2019
Fulfilling the Promise of RPA in Finance & Accounting – A Reality Check .....	Q3 2019
Looking Beyond Order Management – The Emergence of Perfect Order .....	Q3 2019

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# Research calendar – Procurement Outsourcing (PO)

Published
  Planned
  Current release

## Flagship PO reports

## Release date

Procurement Outsourcing (PO) BPO – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018 .....	March 2018
Supply Chain Management (SCM) BPO – Annual Report 2018: Moving Toward a Digital Supply Chain Ecosystem .....	July 2018
Procurement Outsourcing (PO) Annual Report 2018: Driving Strategic Value from Procurement .....	September 2018
Procurement Outsourcing (PO) – Service Provider Landscape with Services PEAK Matrix™ Assessment 2019 .....	April 2019
Procurement Outsourcing (PO) Annual Report 2019 .....	July 2019
Procurement Outsourcing (PO) Service Provider Compendium 2019 .....	July 2019
Aftersales Services/Field Service Management Service Provider Landscape with PEAK Matrix Assessment .....	Q3 2019
SCM Service Provider Landscape with PEAK Matrix Assessment 2019 .....	Q4 2019

## Thematic PO reports

Understanding Strategic Sourcing and its David and Goliath Landscape .....	November 2018
Is It Time to Outsource Direct Spend Categories? .....	February 2019
<b>The Changing Priorities of Chief Financial Officers (CFOs) and Chief Procurement Officers (CPOs) .....</b>	<b>July 2019</b>
Looking Beyond Order Management – The Emergence of Perfect Order .....	Q3 2019
CPO vs CFO – Expectations vs Reality .....	Q3 2019
SCM Blockchain Trailblazers .....	Q3 2019

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# Additional FAO and PO research references

The following documents are recommended for additional insight into the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest

- 1. Finance and Accounting Outsourcing (FAO) – Service Provider Landscape with Services PEAK Matrix™ Assessment 2019** ([EGR-2019-23-R-3110](#)); 2019. This report examines the dynamics of the 2018 global FAO service provider landscape and its impact on the FAO market. Based on the comprehensive Everest Group PEAK Matrix, each of the 24 FAO service providers are segmented into Leaders, Major Contenders, and Aspirants. The report also provides key insights on service provider position & growth in the market, changing market dynamics, and assessment of service provider delivery capabilities. It will assist key stakeholders (service providers, buyers, and technology vendors) understand the current state of the FAO service provider landscape.
- 2. Procurement Outsourcing (PO) – Service Provider Landscape with Services PEAK Matrix™ Assessment 2019** ([EGR-2019-22-R-3143](#)); 2019. This report examines the dynamics of the global PO service provider landscape and its impact on the PO market. Based on the comprehensive Everest Group PEAK Matrix, each of the 13 PO service providers are segmented into Leaders, Major Contenders, and Aspirants. The report also provides key insights into service provider position and assessment of service provider delivery capabilities. It will assist key stakeholders (service providers, buyers, and technology providers) understand the current state of the PO service provider landscape.
- 3. Finance & Accounting Outsourcing (FAO) – Are Buyer Expectations Outpacing Provider Capabilities?** ([EGR-2018-23-R-2639](#)); 2018. This report examines the evolving expectations of FAO buyers from service providers and providers' efforts and investments in meeting those expectations. It also provides insights into key factors driving FAO adoption among buyers, in addition to providing an overview of buyers' perception of the aggregate service provider performance. With the FAO industry shifting from arbitrage-first to the digital-first model and increased focus on driving business outcomes, enterprises are looking for innovative and digitally-oriented offerings from their providers.

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