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# 2022 global CPM trend report

Exploring the state of  
people, processes and tech  
priorities in finance



Wolters Kluwer

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# Hindsight is 20/20.

COVID-19 has been the ultimate stress test. Many organizations learned old ways of working didn't work well.

Some financial and business leaders took the disruption as an opportunity to fill process gaps, improve technology, and enable their staff to work smarter and faster.

Others were unable to cope, held back by the limitations of legacy systems or constrained by spreadsheet-based processes. Many of these companies struggled to provide basic insights but managed to get by – this time around.

And so, after two years of uncertainty, we've finally entered a time to re-evaluate technology, improve processes, and ask questions like:

- What disruption should organizations anticipate?
- What technology worked well during disruption?
- What processes failed?
- And how can businesses be future-proofed going forward?

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**To understand what the “new normal” looks like, we commissioned a survey of 1,320 finance and business leaders of private sector enterprises with 1000+ employees across North America, Europe, and APAC.**

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The goal of this research was to learn how financial and business leaders are using CPM processes to address:



Current challenges and complexity



Present technology and future requirements



Disruptive forces



Future priorities



What's next on the transformation agenda



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# Key takeaways

- Now is the time to replace outdated CPM processes — like legacy software, points of manual intervention, and spreadsheet-based processes — holding finance teams back.
- The expectations of finance have changed. Finance needs CPM process automation to flourish in its new role as a business' strategic center.
- Since disruption is inevitable, organizations need agility-enabling technology, like predictive analytics, real-time forecasting, and scenario analysis.
- Disconnects between finance and operations can be bridged by enterprise CPM software.
- Technology is maturing at unprecedented rates. Choose CPM software that innovates with latest technology so your company can stay on the leading-edge without requiring IT overhauls in the future.
- CPM software isn't just for finance. Every department from HR to sales can benefit from FP&A.
- ESG isn't going anywhere. Prioritize ESG data management and KPI monitoring to stay in good standing with investors and regulators.

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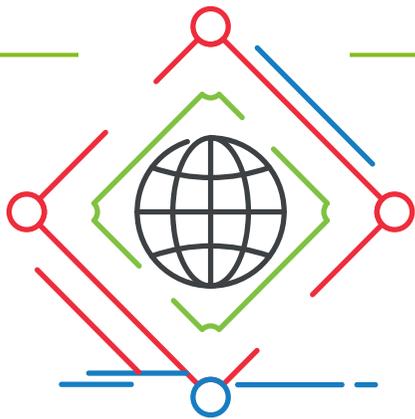


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# Challenges, complexity, and the current climate

Was any organization unaffected by the pandemic? According to survey respondents, a mere 10% experienced business-as-usual as far as their finance and business processes were concerned.

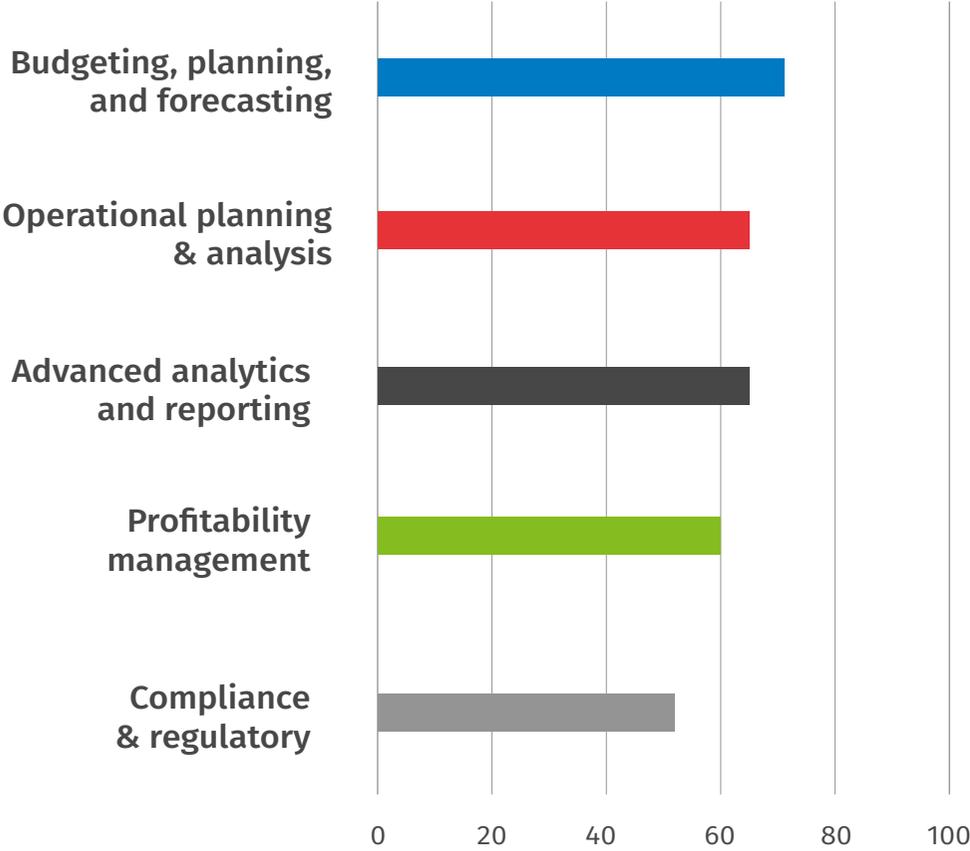
The rest of us? Not so lucky.



Over the last two years, 90% of respondents indicated that finance and business processes have become **more challenging and complex.**

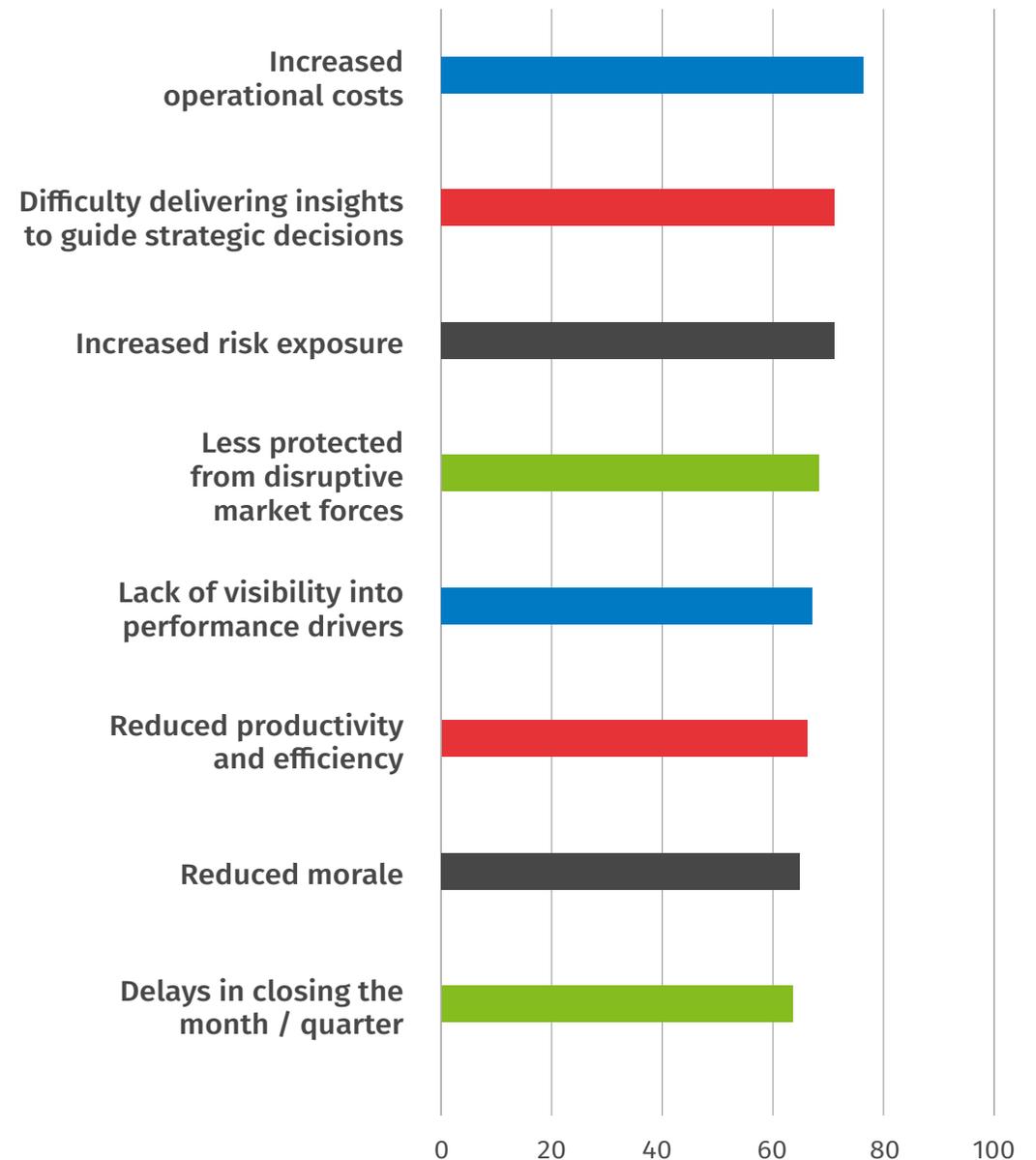
When you think about the business pivoting, re-planning, and supply chain disruption many organizations endured (or are enduring), it's not surprising that key processes began to cave under the pressure.

Two out of three leaders surveyed pointed to increased challenges in the following processes:



Naturally, when processes and teams are stretched to their limits, there are impacts to the business. Our research indicates that as processes become more challenging, financial and operational results suffer.

## Implications associated with an increase in scale and complexity of financial processes



When CPM processes are stretched to the point of breaking, they impact critical aspects of finance operations. Failing analytics impacts decision-making. Immature operational planning affects cost management. Overwhelmed staff causes morale to plummet. And so on.

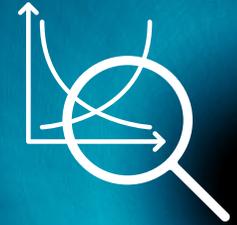
One thing is clear: financial and operational processes are critical to business success in times of uncertainty. When operations run smoothly, their success is felt everywhere from strategy to job satisfaction. But when they fail, everything starts to fail.



## Key takeaway

Now is the time to replace outdated CPM processes. CPM processes should *enable* organizations to manage costs, deliver guidance, protect the business, improve performance, and meet job responsibilities — not *hinder* them. Leaders should determine what tools and technology can empower finance and operational teams to adjust to increasingly complexity.

# 2



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## Spotlight on finance

Navigating two years of uncertainty has not been easy for finance executives. The challenges many faced have been vast, varied, and, often, at odds.

Identify growth initiatives, but don't do anything too risky. Respond on a dime to rapidly changing market conditions, but have proactive plans in place. Develop your internal employees, but acquire the best talent too.

We expect finance to do it all.



**3/4s of leaders surveyed expressed difficulties achieving balance in the following areas:**



**Growth initiatives vs. financial control & risk management**



**Responding to market changes vs. proactive innovation**



**Investment in financial vs. operational processes**



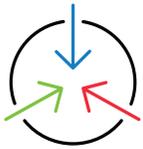
**Legacy vs. new technology**



**Reskilling existing employees vs. recruiting new hires**

Striking a balance between opposing objectives is never easy, but it is further complicated when you're stuck laboring on manual tasks instead of strategic planning.

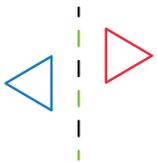
Indeed, respondents indicated their attentions are pulled away from high-value activities and redirected towards grunt-work, as indicated by the **top three job frustrations** which were:



**Technical problems and data integration**



**Manual finance tasks**



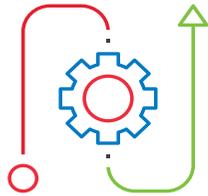
**Disconnection between financial and operational processes**



Survey fact:

95%

of respondents were frustrated with their financial processes.



Hampered by ineffective tools, finance leaders face the same problems they did a decade ago: data management, time-consuming menial work, miscommunications. And yet, their responsibilities have grown to include everything from strategic guidance, to cost containment, ethics advisory, new reporting requirements, and operational planning. With more disruption on the way, these frustrations will only persist and become more problematic as responsibilities pile on.

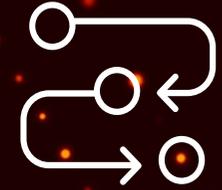


## Key takeaway

**Finance teams need CPM process automation to flourish.**

Finance's frustration with tech issues, manual tools, and department silos clearly indicate finance has outgrown its role as a data steward. Finance needs tech intelligence, automation, and data centralization to attain balance in financial operations and embrace its position as a business' strategic center.

# 3



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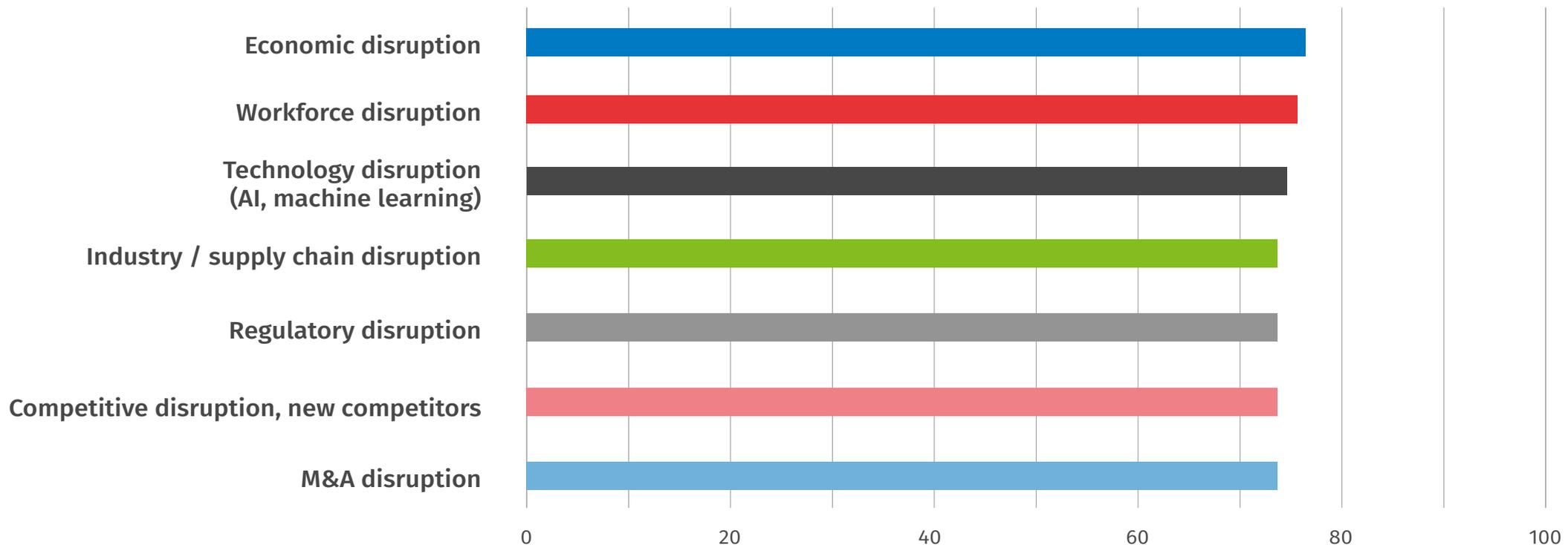
## An eruption of disruption

How often have you heard the phrase “uncertain future” in recent times?

With the only certainty being uncertainty, it’s natural that finance and operational leaders would have *some* concerns. The survey results indicate that the concerns of your peers are plentiful and almost unanimous.



Here's what is concerning finance and operational leaders over the next 2-3 years.

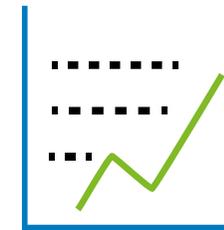




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In other words, **“we’re concerned about almost EVERYTHING.”**

Since threats lurk around every corner, it’s natural that combatting disruption is a priority for financial and operational leaders.



When asked, in comparison to two years ago, how important it is for finance to **anticipate disruption** and provide insights to steer the business, 95% said it’s more important now.

These findings reveal that in the mind of respondents, disruption is no longer the exception, it's the rule. Understanding this is the first step towards overcoming it. Instead of preparing for any single threat, finance needs

to focus on disruption at-large. The way to do this is to elevate processes and people with technology that fosters agility, quick pivots, and informed decision making.



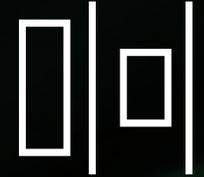
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## Key takeaway

**Disruption is inevitable. Finance and business teams need the technology agility to pivot – fast.**

No one knows what the next black swan event will be. But you can plan that disruption will occur. Get equipped with CPM tools that foster agility, like process automation, extended planning and analysis, predictive analytics, real-time forecasting, and scenario analysis. When disruption throws plan A out the window, these capabilities get you to plan B, C, and D much faster.

# 4



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## Financial and operational alignment — or lack thereof

Disruption magnifies process inefficiency. What would have been a small problem before now has big consequences. For example, a delay in creating a predictive forecast could significantly delay a critical production decision.

# 82%

of finance and operational leaders agreed they need to be aligned and agile across different business functions.



But when we look at the current state of financial and operational relations, **there are many opportunities to make one-sided decisions.**

Nearly half of respondents indicated financial and operational disconnects between:



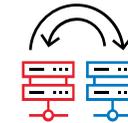
Systems, technology and tools



Financial and operational processes



Data inconsistencies



Data sharing

When systems, processes, and data are disconnected, the chain of impact is lost. Demand can't inform supply, individual LoBs can't inform the group, forecasts can't inform strategy.

These numbers indicate financial and operational alignment is immature for many companies. But that doesn't mean these leaders don't see the value.

Quite the opposite.



**Most leaders see financial and operational alignment as a critical priority that could impact operational planning, especially when it comes to the supply chain.**



Respondents indicated that supply chain planning, sales performance planning, HR/workforce planning, marketing planning, and IT planning would benefit significantly from alignment with finance.

### Operational areas that would most benefit from integration with financial planning

63%

Supply chain planning (SCP) including demand, inventory, supply, production and S&OP

53%

Sales performance planning

46%

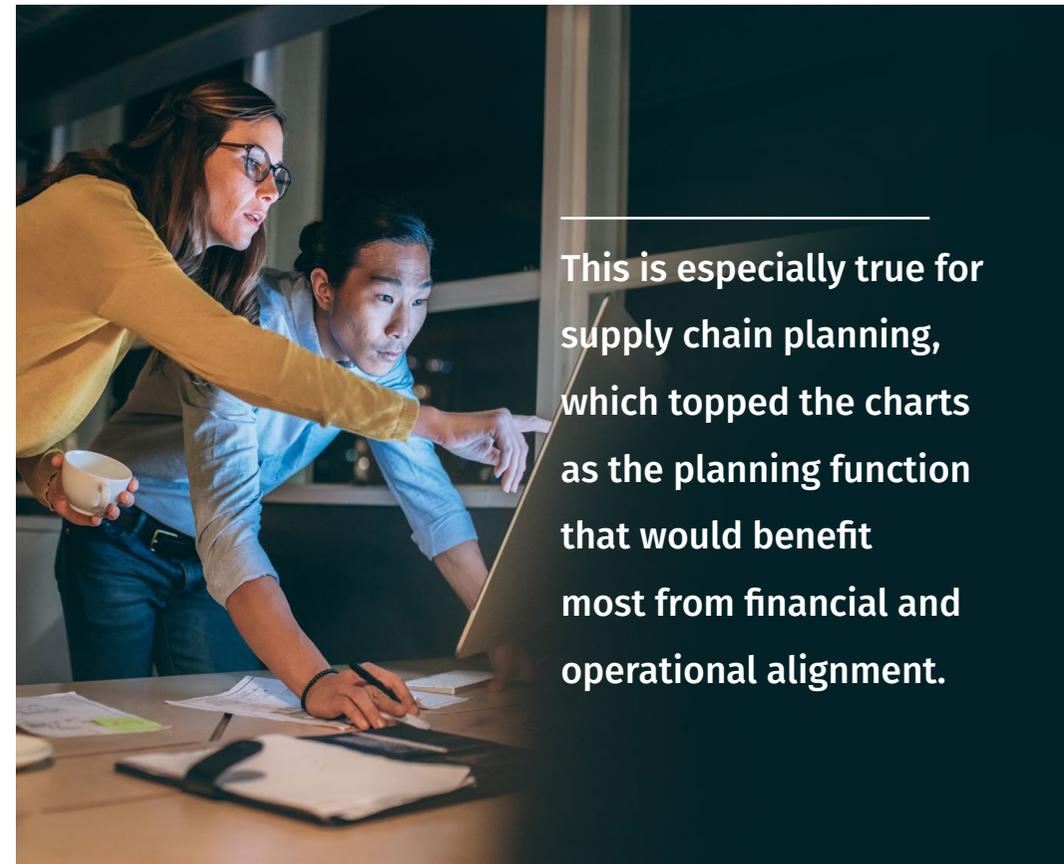
HR / workforce planning

42%

Marketing planning

42%

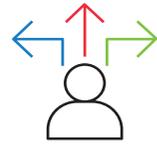
IT planning



This is especially true for supply chain planning, which topped the charts as the planning function that would benefit most from financial and operational alignment.

# Upwards of 90%

also believe that financial and operational process integration would moderately or significantly benefit the organization by:



Improving decisions and better results across the organization



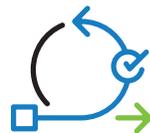
More accurate forecasting



Better insight into revenue and operations



Earlier identification of inefficiencies and performance issues



Increasing business agility



Reducing risk through predictive analytics and scenario modeling



Faster budgeting and forecasting



Ability to pinpoint growth and improvement opportunities



Increasing accountability through better visibility



Improving collaboration



There's no question. Leaders overwhelmingly agreed that financial and operational process integration would benefit their organization. Yet, despite the high buy-in to alignment, many organizations are held back by procedural issues.

## Top barriers to financial and operational integration:

**Disparate tools  
and planning  
systems**

39%

**Inconsistencies  
between financial  
and operational data**

38%

**Process ownership  
and cross-functional  
KPI alignment**

35%

**Concerns about  
data management  
skills**

34%

While many organizations experience a disconnect between finance and operations, they overwhelmingly see the value in connecting operational activities and financial

outcomes. What does this tell us? For those bottlenecked by barriers to entry, a technology overhaul is imminent.



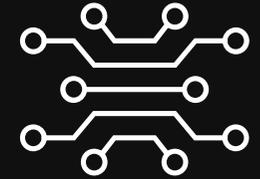
## Key takeaway

**Enterprise CPM software aligns financial, operational and business teams.** CPM platforms connect different departments, teams, and business units with:

- A single source for data transformation
- A platform for planning, reporting, and analytics execution
- A communication hub for performance management

As a one-stop-shop for performance, process, and people, CPM platforms result in company-wide alignment that pays dividends in better decision making.

# 5



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## Technology and tools overhaul

Finance's three greatest frustrations — technical problems, manual tasks, and financial and operational alignment — clearly indicate that current tools aren't fostering adequate agility.

This point becomes even more apparent — and urgent — to address when you learn that:

57%

of surveyed finance and business leaders are still relying on manual spreadsheets.



It's no wonder that **83%** say their technology and tools need to be more sophisticated to effectively respond to new market opportunities and threats.

These companies are trying to manage complex circumstances using elementary technology — they're set up for hardship.

# Over 50%

of leaders reported having:



## No financial close tool.

Which means they're closing the books manually, with no automation to assist them.



## No corporate performance management tool.

Which means they have no central source of information.



## No business intelligence application.

Which means they have no access to deep data insights.

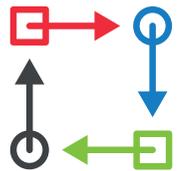
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How can financial and operational leaders combat future disruption or mend the disconnect between financial and operations when they're still performing monthly account reconciliation by hand and updating quarterly reports figure by figure?

Something has to change, and, according to the research, it's going to be technology.



**Almost half** the leaders surveyed identified these five tech priorities as critical to adapting to disruption:



Workflows  
and financial  
processes  
automation



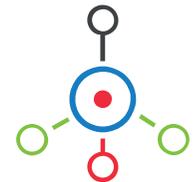
Accelerating  
digital skills  
in finance



Advanced  
predictive  
analytics  
technologies  
and tools

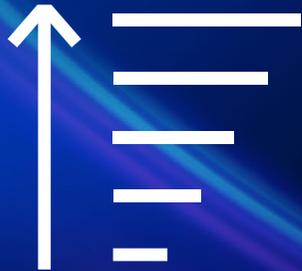


Sustainability  
compliance  
tools



A single data  
hub connecting  
financial and  
non-financial  
data across the  
organization

Companies are ready to revisit their tech stack. The research indicates that the majority of leaders will overhaul technology in the next year.



**42%** plan to review their financial and operational planning processes and tools in the next six months.

A further **32%** say in the next 12 months.

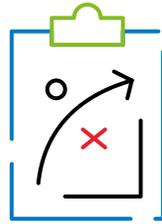
That's a total of **74%** of respondents reviewing planning processes and tools in the next year.

**That's a lot of digital transformation in Finance.**

Investing resources into top-tier planning tools would benefit both financial and operational teams by providing automation opportunities, increasing alignment, advancing analysis, and above all, cultivating agility in the face of disruption.

# 83%

say that organizations can be ready for disruption only by having the best planning approach and tools.



Since finance and operational leaders are concerned about disruption from a financial and operational planning perspective over the next two-to-three years, it's natural that planning processes require immediate attention.



## Key takeaway

**Choose a CPM software that innovates with the latest technology.** To avoid overhauling CPM technology every five years, select a CPM software that provides you with the tech you need today — and the tech you'd like in the future.

Look for a vendor that prioritizes developing leading-edge technology and a system that can update, integrate, and scale as your business does.

# 5.1



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## The new normal of predictive analytics starts now

Predictive analytics tools have been widely accepted by finance and business leaders. Many organizations are either already leveraging machine learning and artificial intelligence in critical business functions or they are moving in that direction. Very few see a future without predictive analytics in key business processes.



# Over 75%

of respondents are using or considering the use of predictive analytics for:

- Sales and marketing
- IT operations
- Finance
- Operations, production and supply chain
- Customer experience
- R&D and innovation
- HR and workforce planning

## A pulse on finance:

Interestingly, while finance lags in other areas of technological adoption, they're in-line with operational functions in implementing predictive analytics.

# 6



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## Intelligent planning for all: Extended Planning & Analysis

Given the threat of disruption and the benefits of financial and operational alignment, it comes as no surprise that **94% of respondents reported that the traditional finance role needs to expand and become more strategic.**

The pandemic has accelerated process transformation goals for most organizations. Not only are leaders pursuing a total tech overhaul for finance and operations, but the research also indicates they intend on extending planning capabilities to other departments.

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# 78%

of leaders indicated they urgently need to extend planning capabilities across their organizations.

**Extended planning and analysis (xP&A)** is a planning approach that extends financial planning and analysis tools to other areas of the business, including operations, supply chain, production, sales, marketing and HR.

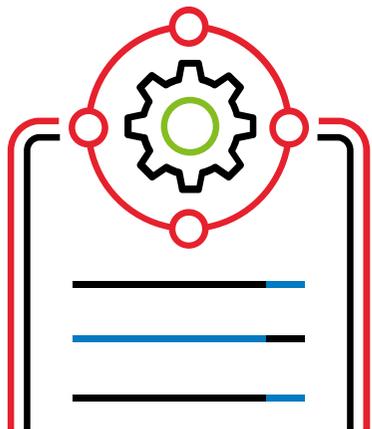
**The research indicates that xP&A will be one of the greatest, if not the greatest, finance transformation priorities.**



In fact, **82%** believed XP&A has the potential to transform finance teams over the next five years.



### Urgency to adopt an xP&A strategy:



**25%**

have or are currently adopting xP&A.

**39%**

would like to move to xP&A within the next 12 months.

An additional

**31%**

would like to adopt xP&A within the next three years.

A mere

**3%**

of respondents indicated they have no interest in an xP&A.

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Suffice to say, xP&A is shaping the new normal of finance.

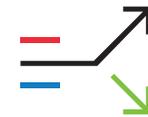
What functionality should an ideal xP&A solution include? Finance and operational leaders shared their must-have xP&A capabilities.

Finance leaders rated the following xP&A capabilities as most important:



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Advanced analytics & reporting



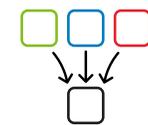
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Ability to integrate systems with other data sources and existing applications



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Flexibility to quickly adjust to changing market conditions



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An all-in-one, unified platform for consolidation, planning, reporting, regulatory, disclosure, and analytics

Not only does an xP&A approach improve the financial and operational disconnect, but by choosing a finance platform that meets must-have capabilities, leaders will benefit

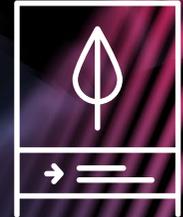
from the automation, insight-generation, and agility needed to combat disruption and make better decisions as they venture into the unknown.



## Key takeaway

**CPM software isn't just for finance.** Every department can benefit from tools like predictive forecasting, KPI monitoring, and connected planning. Best-in-class CPM software extends planning and performance management capabilities to HR, sales, supply chain, risk management and more. This equips all departments with tools to respond to change successfully.

# 6.1

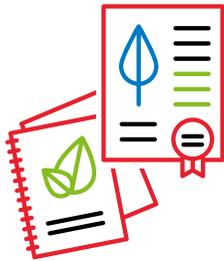


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## Preparing for a sustainable future

Sustainability and environment, social and governance (ESG) compliance has gone from reporting nice-to-have to an investor requirement.

While a universal ESG reporting standard does not yet exist, ESG requirements take shape in regional reporting frameworks, voluntary standards, and national legislation. More organizations are opting in to attract investors and get ahead of mandatory compliance requirements.

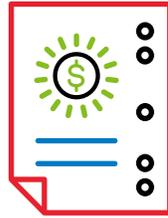


**82% of respondents indicated they must comply with sustainability requirements or ESG regulations.**

While ESG compliance is primarily non-financial information, understanding how ESG activities impact the bottom line is critical to creating ESG reports that attract investors, impress financial institutions, and appease regulators.

# 93%

reported that it's important to connect sustainability objectives with financials.

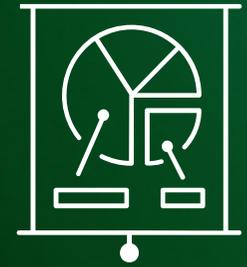


ESG is positioned to be highest CPM priority in the near future as sustainability performance begins materially impacting revenue, investor interest, and financial performance. Many companies are well on their way in addressing their ESG needs with **66% indicating that ESG reporting is or will be a part of their XP&A reporting strategy.**

## Key takeaway

**Now is the time to optimize ESG reporting processes.** It's clear that ESG reporting isn't a passing trend. With mandatory regulations in the works, ESG reporting will become a reporting mainstay that will only grow in complexity and supervision. Leaders should prioritize establishing processes for ESG performance management, compliance, and reporting so they can remain in good standing with consumers, investors, and regulators.

# 7



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## Final thoughts

The survey results clearly indicated two things. First, the new normal for finance is managing constant disruption. And second, many leaders are taking immediate action to implement tools that will enable them to adapt confidently.

The last two years have magnified process shortcomings and frustrations for financial and operational leaders. Simultaneously, the pandemic has incentivized much-needed change, especially in regards to process automation, financial and operational alignment, and xP&A.

Frustrated by complex processes, insufficient systems, and time spent focused on low-value tasks, leaders are transforming processes now to better manage disruption later. Updating technology, aligning finance and operations, and extending planning and analysis tools across the organization will be critical next steps.



### Priorities for finance leaders:

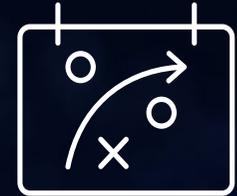
- ✓ Evaluate and replace legacy CPM processes
- ✓ Automate instances of manual intervention
- ✓ Embrace disruption with agility-enabling technology
- ✓ Align financial and operational teams with enterprise software
- ✓ Choose software vendors that innovate with the latest technology
- ✓ Extend planning to operational functions
- ✓ Establish ESG performance management, compliance, and reporting processes

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The tool to do it all? An enterprise CPM platform that prioritizes automation, adopts leading-edge technology, and is committed to change.

By embracing an enterprise CPM platform now, organizations will be better equipped to embrace the future — no matter what disruption that future holds.

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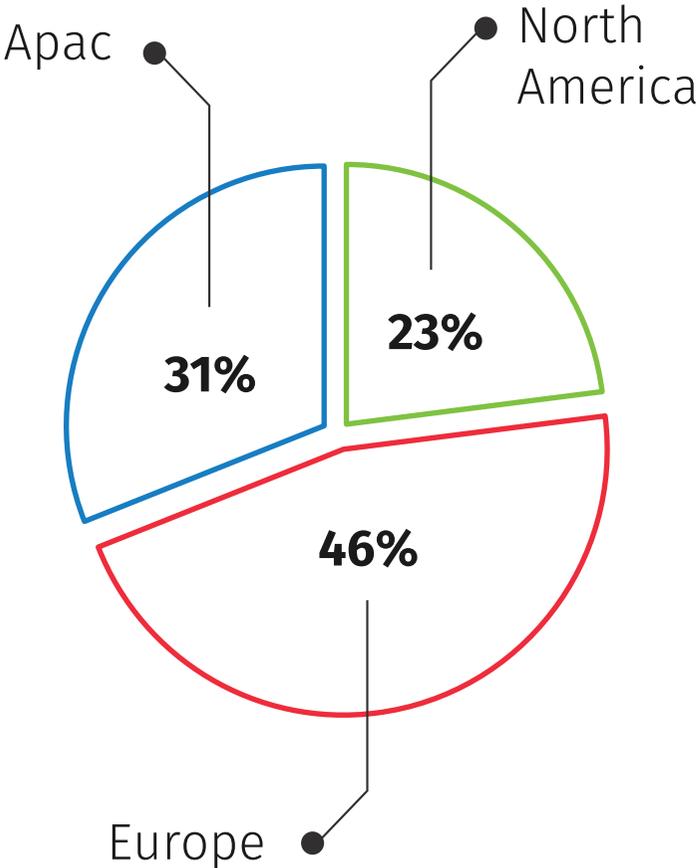
## Survey methodology

In partnership with Insight Avenue, we conducted 1320 interviews with finance or business leaders in private sector enterprises with 1000+ employees across North America, Europe and APAC in November and December 2021.

# Geography



	Number of interviews
US	<b>202</b>
Canada	<b>100</b>
Italy	<b>101</b>
France	<b>102</b>
UK & Ireland	<b>102</b>
DACH (Germany, Austria, Switzerland)	<b>102</b>
Benelux (Belgium, Netherlands, Luxembourg)	<b>104</b>
Sweden	<b>102</b>
Singapore	<b>51</b>
Malaysia	<b>50</b>
Indonesia	<b>51</b>
Philippines	<b>50</b>
Greater China / Hong Kong	<b>100</b>
Japan	<b>52</b>
Australia	<b>51</b>



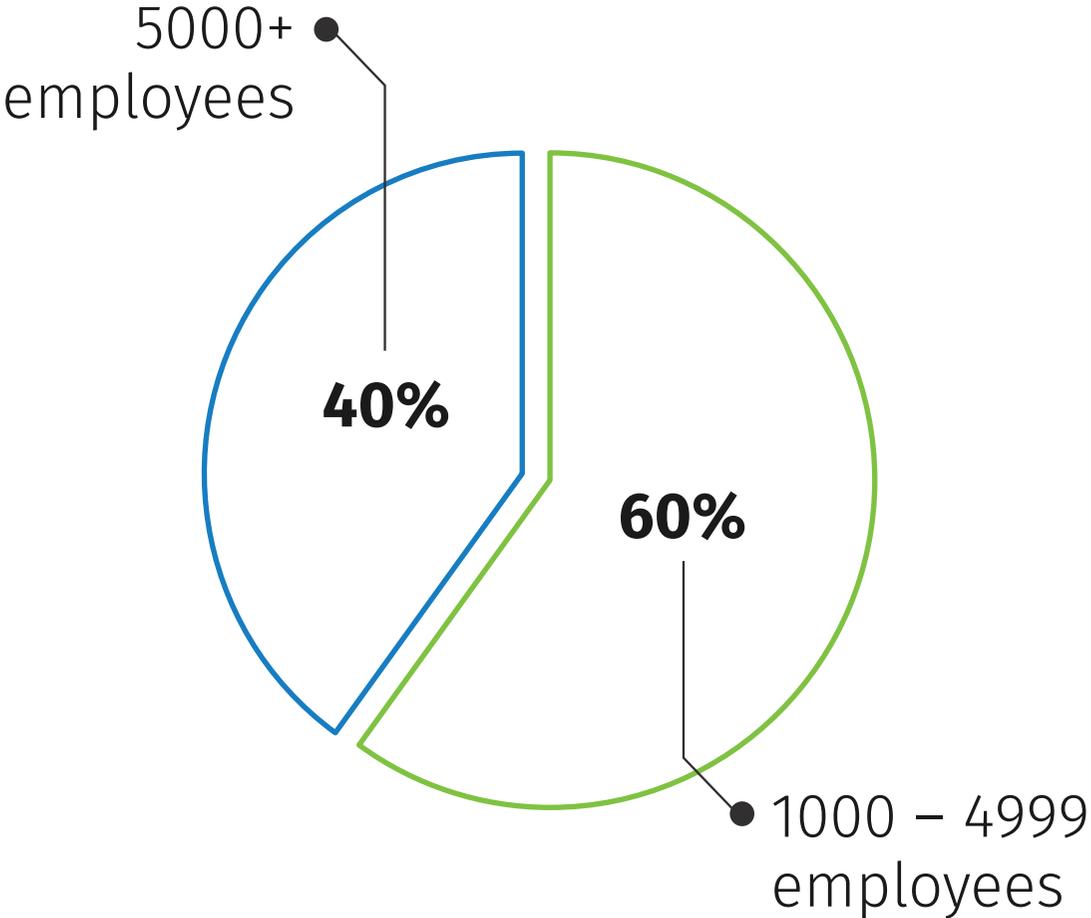
# Company size & industry factor

## Sector

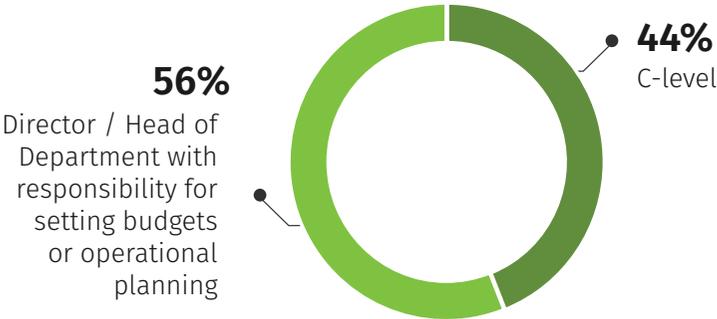
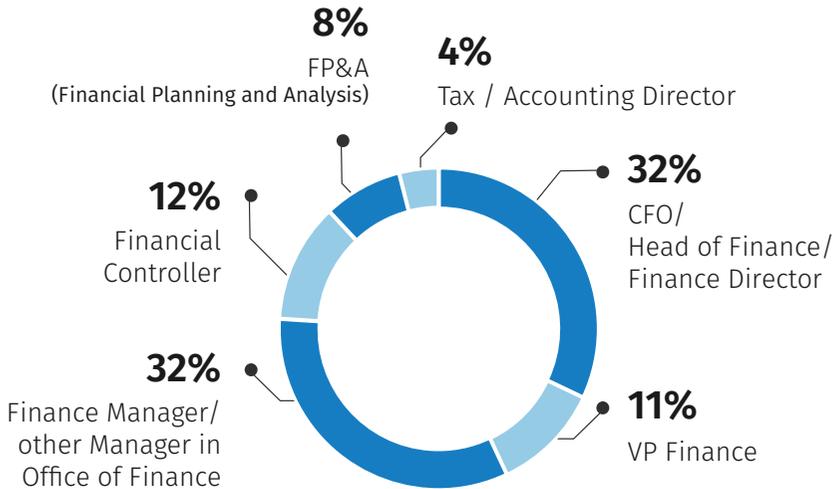
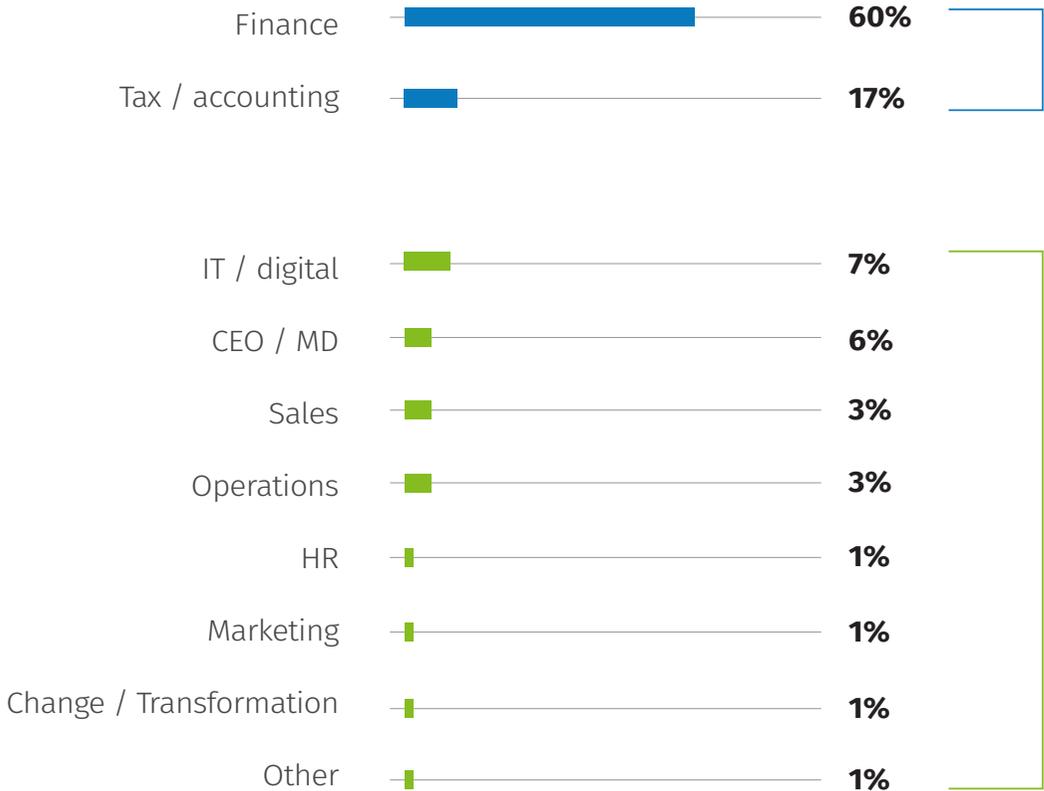


Banking / financial services	<b>25%</b>
Technology	<b>14%</b>
Manufacturing	<b>9%</b>
Retail	<b>8%</b>
Professional services	<b>8%</b>
Insurance	<b>5%</b>
Healthcare	<b>4%</b>
Construction & engineering	<b>4%</b>
Power & utilities	<b>3%</b>
Transport	<b>3%</b>
Automotive	<b>3%</b>
Pharmaceutical	<b>2%</b>
CPG / FMCG	<b>2%</b>
Telecoms	<b>2%</b>
Media / entertainment	<b>1%</b>
Non-for-profit	<b>1%</b>
Fashion	<b>1%</b>
Other private sector	<b>3%</b>

## Company size



# Role & seniority



S2. Which of the following best describes your job function / department? Base: 1320 | S3. And which of the following best describes your finance role? Base: 1012 Finance respondents

S4. And which of the following best describes your seniority within your department? Base: 308 Business respondents

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# About CCH<sup>®</sup> Tagetik expert solution

Part of the **Wolters Kluwer** group, a global leader in professional information, software solutions and services, the CCH<sup>®</sup> Tagetik expert solution is a strategic and financial intelligence platform that empowers global enterprises to make informed decisions — faster. Its proven corporate performance management uses AI-based predictive analytics to elevate financial close & consolidation, integrated business planning, and regulatory compliance processes.

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