Financial Management Solution Trends

Summary Results | March 2021
Between November 2020 and January 2021, Gatepoint Research invited selected finance, financial planning, and accounting executives to participate in a survey themed Financial Management Solution Trends.

- Candidates were invited via a multi-channel approach and 121 executives have participated to date.

- Management levels represented are all senior decision makers: 20% hold the title CxO, 15% are VPs, 21% are Directors, 29% are Managers, and 15% are Controllers.

- Survey participants represent SAP customers from a wide variety of industries, including but not limited to: chemicals, medical devices, insurance, information technology & services, consumer goods, oil & energy, financial services, machinery, food & beverages, real estate, business supplies, computer software, machinery, mining & metals, building materials, healthcare, automotive, electrical manufacturing, construction, and pharmaceuticals.

- 100% of responders participated voluntarily.
EXECUTIVE OVERVIEW

2020 was a challenging year, disrupting the way we live and work. But challenges provide perspective. Are organizations' existing financial management solutions providing clear analysis quickly and efficiently – or is change in the wind for these processes as well?

This survey asks respondents to report:

- Has your business been impacted by the events of 2020? How? What priorities are driving your business now?
- What changes to your financial management process would help you overcome its biggest obstacles?
- What are the biggest obstacles to optimizing your financial management process?
What priorities are driving your business today?

<table>
<thead>
<tr>
<th>Priority</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Cutting costs/optimizing costs</td>
<td>74%</td>
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<tr>
<td>Growing the business</td>
<td>57%</td>
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<tr>
<td>Improving productivity</td>
<td>53%</td>
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<tr>
<td>Managing cash</td>
<td>50%</td>
</tr>
<tr>
<td>Revenue</td>
<td>34%</td>
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<tr>
<td>Increasing competitive advantage</td>
<td>33%</td>
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<tr>
<td>M&amp;A</td>
<td>12%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
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Nearly three quarters of survey respondents agree the highest priority driving their businesses now is optimizing/cutting costs, outranking the second most cited priority, growing the business, by 17 percentage points.
Despite some predictions for an economic rebound, 60% of respondents note 2020 resulted in a decrease in revenue. More than half (52%) also suffered workforce disruptions and 40% experienced disruptions in their supply chain.
Although 2020 brought significant financial impact to many, impact on financial management processes was muted, with 40% rating it neutral.

How has the 2020 business climate affected your financial management processes? (Rate 1 to 5: 1 = low impact; 5 = very high impact)
The three highest barriers cited as slowing respondents’ financial management: manual processes, onerously long budget/forecasting operations, and sources feeding the financial management process are disconnected and disparate.

<table>
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<tr>
<th>Obstacle</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Manual processes</td>
<td>62%</td>
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<tr>
<td>Budgeting/forecasting takes too long</td>
<td>40%</td>
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<tr>
<td>Disconnected/disparate systems feeding financial management</td>
<td>36%</td>
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<td>Lack of time for analysis drives lack of confidence in results</td>
<td>35%</td>
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<td>Inadequate collaboration across departments/divisions</td>
<td>33%</td>
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<tr>
<td>Increasing cost of regulatory compliance</td>
<td>17%</td>
</tr>
<tr>
<td>Other</td>
<td>8%</td>
</tr>
</tbody>
</table>
What improvements to your financial management system(s) would help you overcome your obstacles?

- Automating manual tasks (60%)
- Better predictive analytics/forecasting (49%)
- Simplified financial close process (45%)
- More agile, flexible planning (40%)
- Systemic alignment of the financial and operations systems (36%)
- Other (3%)

Proportionately addressing the two problems reported as most often hindering optimization of financial management process, respondents primarily want manual tasks to be automated (60%) and better analytic/forecasting tools to shorten the process of predicting results (49%).
What is your current ERP/financial management cloud deployment model?

More than half of survey participants use a hybrid cloud deployment model. Rarest configuration is a 100% public cloud model.
Almost half of those surveyed are not sure if they’ll be transitioning to S/4HANA and 8% are reviewing other options.
When do you expect to begin updating, upgrading or replacing key components of your ERP and/or financial management system?

52% of those surveyed plan to update/upgrade/replace their ERP and/or financial management system within the next 3 years.

Summary Results | March 2021
56% of survey respondents hold director or executive level positions in their organization.