



COVID-19 SENTIMENT AND REACTIONS AMONG FINANCIAL DECISION-MAKERS

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EXECUTIVE SUMMARY

STUDY OVERVIEW

KEY OBJECTIVES

- ✓ How have financial decision-makers responded to financial challenges with the COVID-19 Pandemic? What changes have they made?
- ✓ How are financial decision-makers currently tracking financial recovery? What tools are they using?
- ✓ What is the future outlook of the financial landscape among decision-makers and what steps are they taking? What tools do they plan on adopting, if any?

SURVEY ADMINISTRATION & SURVEY SAMPLE

- The survey was administered online, and respondents were recruited via a third-party panel.
- The analysis includes a total of 212 respondents following data cleaning and quality control.


RESPONDENT QUALIFICATIONS

- Age 18+
- Employed full-time
- Currently resides in the US, Canada, or Mexico
- Currently holds a management position (C-level executive (CFO), VP, Director, Controller) in finance
- A primary or shared decision-maker in their company's finances

KEY SEGMENTATIONS

KEY SEGMENTATIONS

This analysis includes questions segmented by industry. Statistically significant differences are calculated at the 95% confidence level and are denoted by superscript letters (e.g., ^A, ^B, ^C) but due to the small sample size, all results should be interpreted directionally. Corresponding letters indicate significant differences between groups.

INDUSTRY		
	Finance and Insurance	36%
	IT and Professional/Technical Services	25%
	Manufacturing and Construction/Architecture	16%
	All Other Industries	23%

KEY FINDINGS – COVID-19 RESPONSE & RECOVERY

- **COVID-19's impact is most acutely felt in hiring.** A majority of companies (57%) have reduced hiring as a result of pandemic-related financial challenges. Many have also reduced temporary/contract staff (41%) or implemented layoffs/furloughs (34%).
- **Companies are investing in and prioritizing their IT/Cybersecurity and accounting/finance departments.** These departments are the most likely to have received remote work-related upskilling/training (51% and 45%, respectively) and are also the most likely to be prioritized when it comes to near future hiring (50% and 48%).
 - Most companies (56%) anticipate budgetary increases in their IT budgets for remote work enablement while about a quarter (24%) are expecting a decrease in their IT budgets.
- **Companies are most closely tracking sales/revenue and consumer spending as indicators of financial recovery.** The former serves as a measure of company-level recovery while the latter is an indicator of the state of the macroeconomic environment.
 - Most companies (61%) are also deferring investments and business plans, such as hiring and staffing (44%) and new service launches (43%), until after the 2020 elections.
- **Looking to the future, companies expect day-to-day spending to decrease but are split on capital investments.** Slightly more expect capital investments to increase (38%) rather than decrease (29%).
 - Financial decision-makers are divided when it comes to their current read of the near future economic and regulatory atmosphere. The share that are optimistic and anticipate budgetary increases (42%) is roughly equal to the share that are pessimistic and anticipating decreases (38%).

KEY FINDINGS – DECISION-MAKING TOOLS

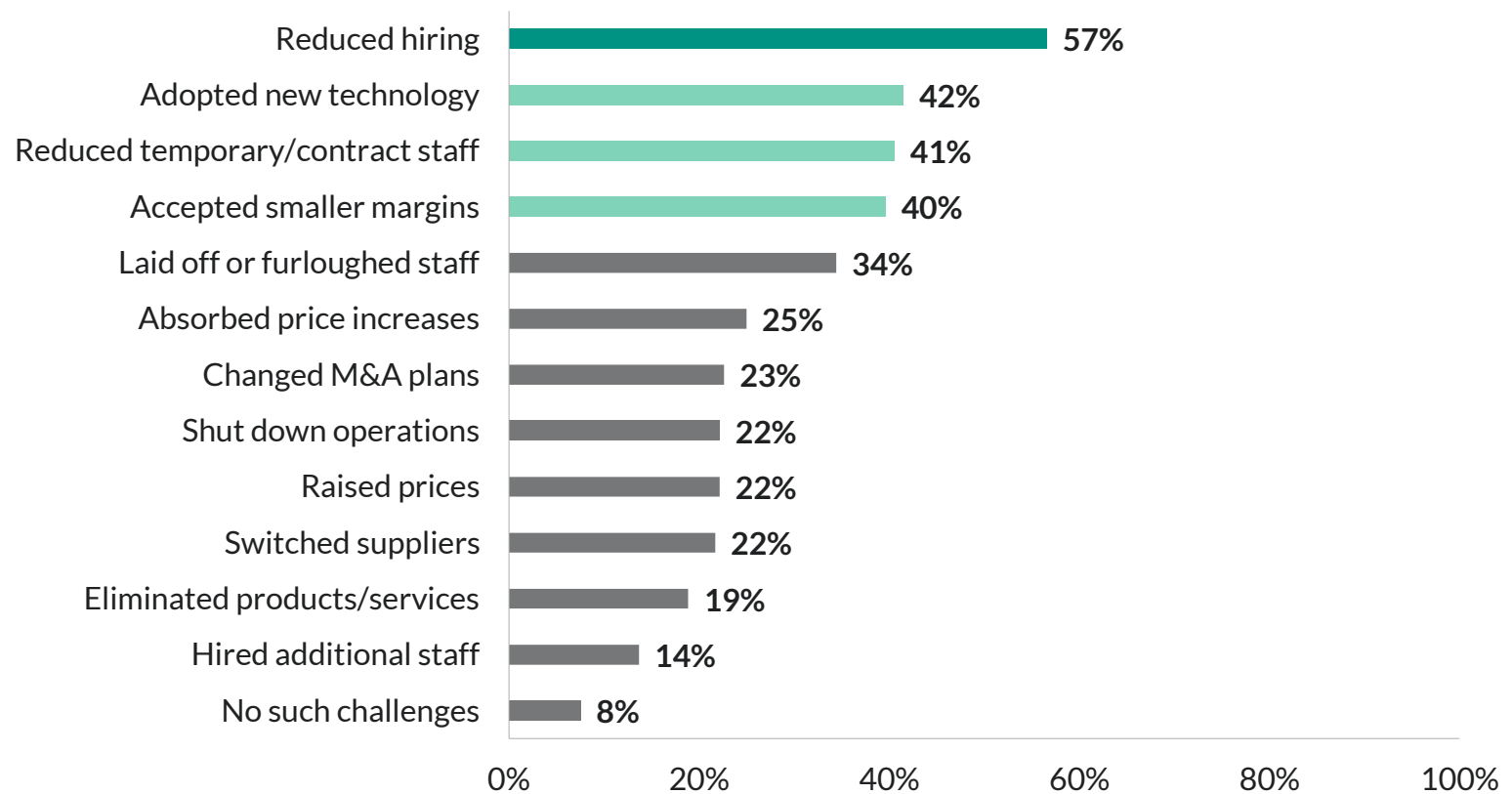
- **Cloud-based planning and reporting solutions are the most widely and regularly utilized tool by most companies.** The most common use cases for cloud-based planning and reporting solutions are reporting/analysis (50%), planning/forecasting (46%), and financial close and consolidation (44%): these are also the most expected future use cases.
- **Predictive analytics are slightly less common, seeing at least occasional use among a majority (61%) of companies.** Predictive analytics are currently used for planning/forecasting and reporting/analysis (49% each), but companies that plan on investing in them in the future intend to use them for financial close and consolidation (56%).
- **Machine learning and artificial intelligence are comparatively less common, seeing occasional use among fewer than half of respondents (46% each).** However, they are also the tools that companies plan on investing in most (19% and 20%, respectively). These future users intend to use machine learning for reporting/analysis (49%) and artificial intelligence for financial close and consolidation (49%).

COVID-19 RESPONSE & RECOVERY

IN RESPONSE TO COVID-19, COMPANIES ARE SLOWING HIRING AND ADOPTING NEW TECHNOLOGY

- In addition to hiring slowdowns, one in three companies (34%) has also laid off or furloughed staff.
- COVID-19 also has a direct impact on companies' financials; many report accepting smaller margins (40%) and absorbing price increases (25%).

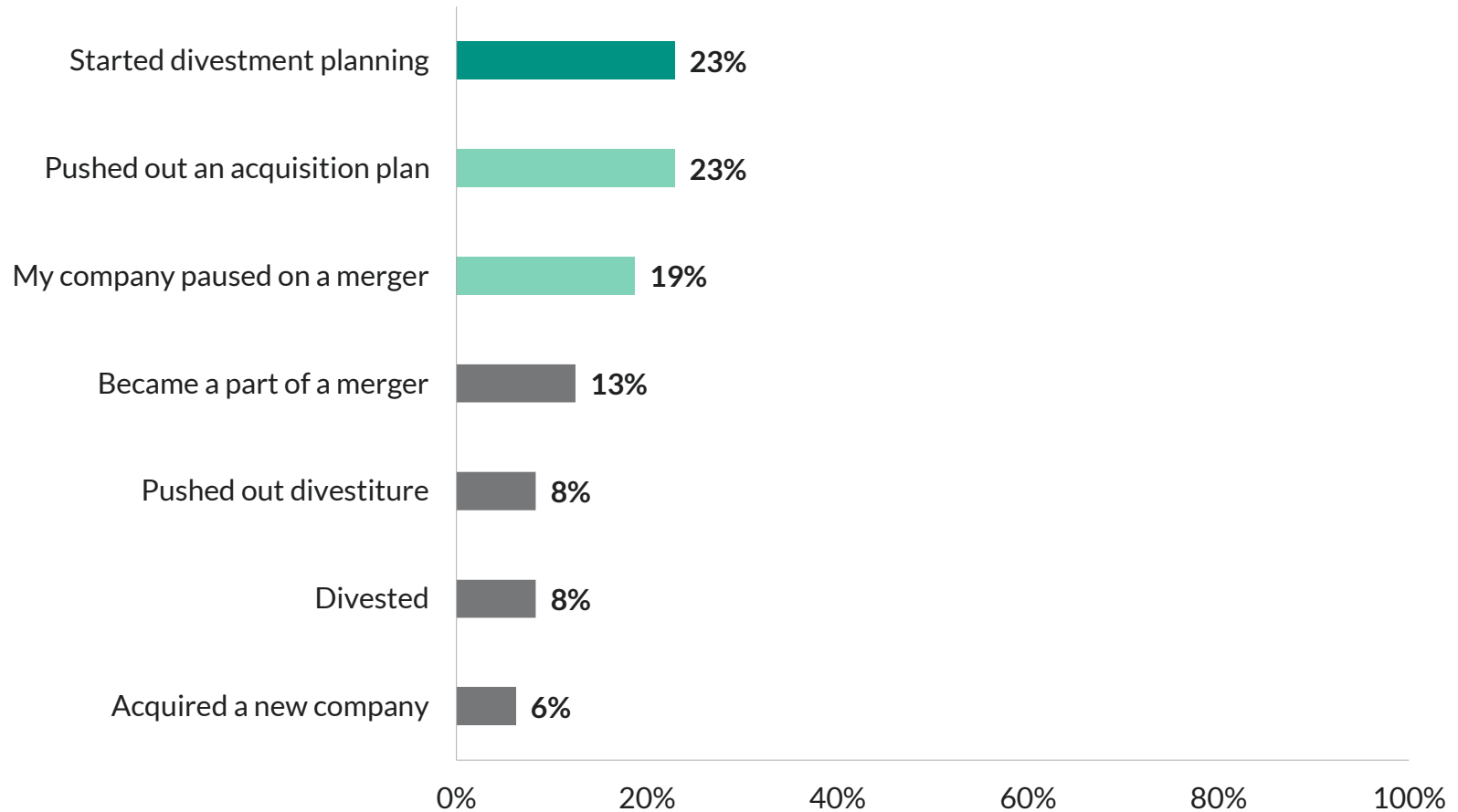
RESPONSES TAKEN TO COVID-19-RELATED FINANCIAL CHALLENGES



MANY COMPANIES ARE PAUSING OR BACKTRACKING M&A ACTIVITY AS A RESULT OF COVID-19

- While nearly a quarter of companies (23%) started divestment planning, half (50%) have pushed out our paused acquisition plans, merging, and divestiture plans.

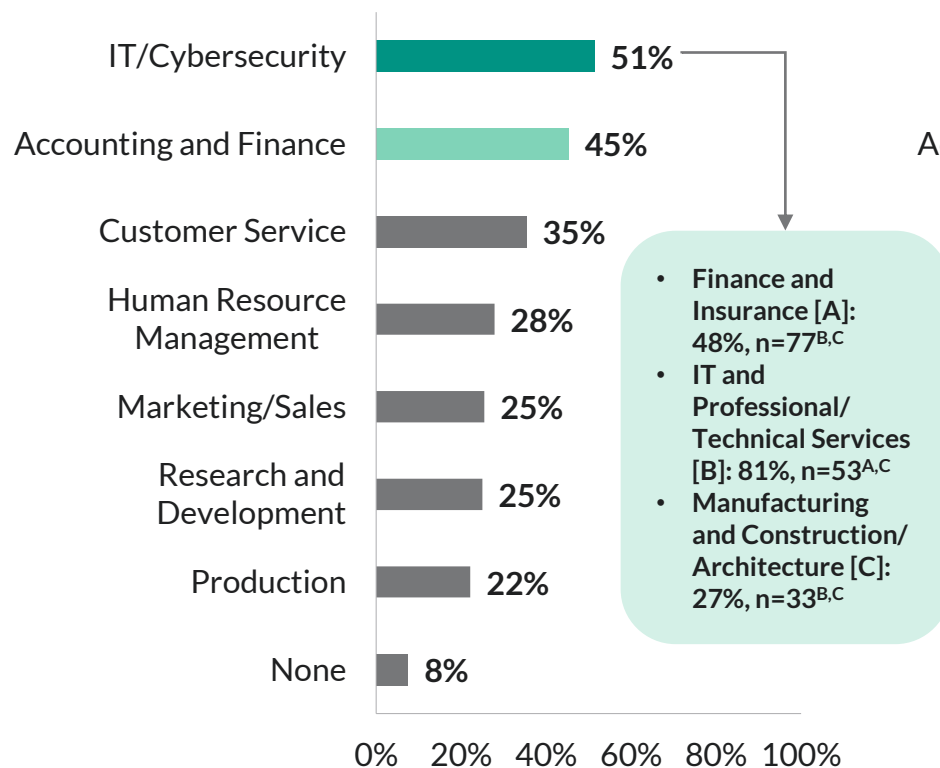
M&A CHANGES MADE DUE TO COVID-19



HALF OF COMPANIES HAVE INVESTED IN THEIR IT/CYBERSECURITY DEPARTMENT

- In addition to recent upskill/training investments, half of companies (50%) also expect to prioritize IT/Cybersecurity departments in hiring through 2021.
- Accounting and Finance departments are companies' next highest priorities. Nearly as many companies have recently invested in upskill/training (45%) and plan to prioritize the department in future hiring (48%).

DEPARTMENTS RECEIVING UPSKILL/TRAINING INVESTMENT



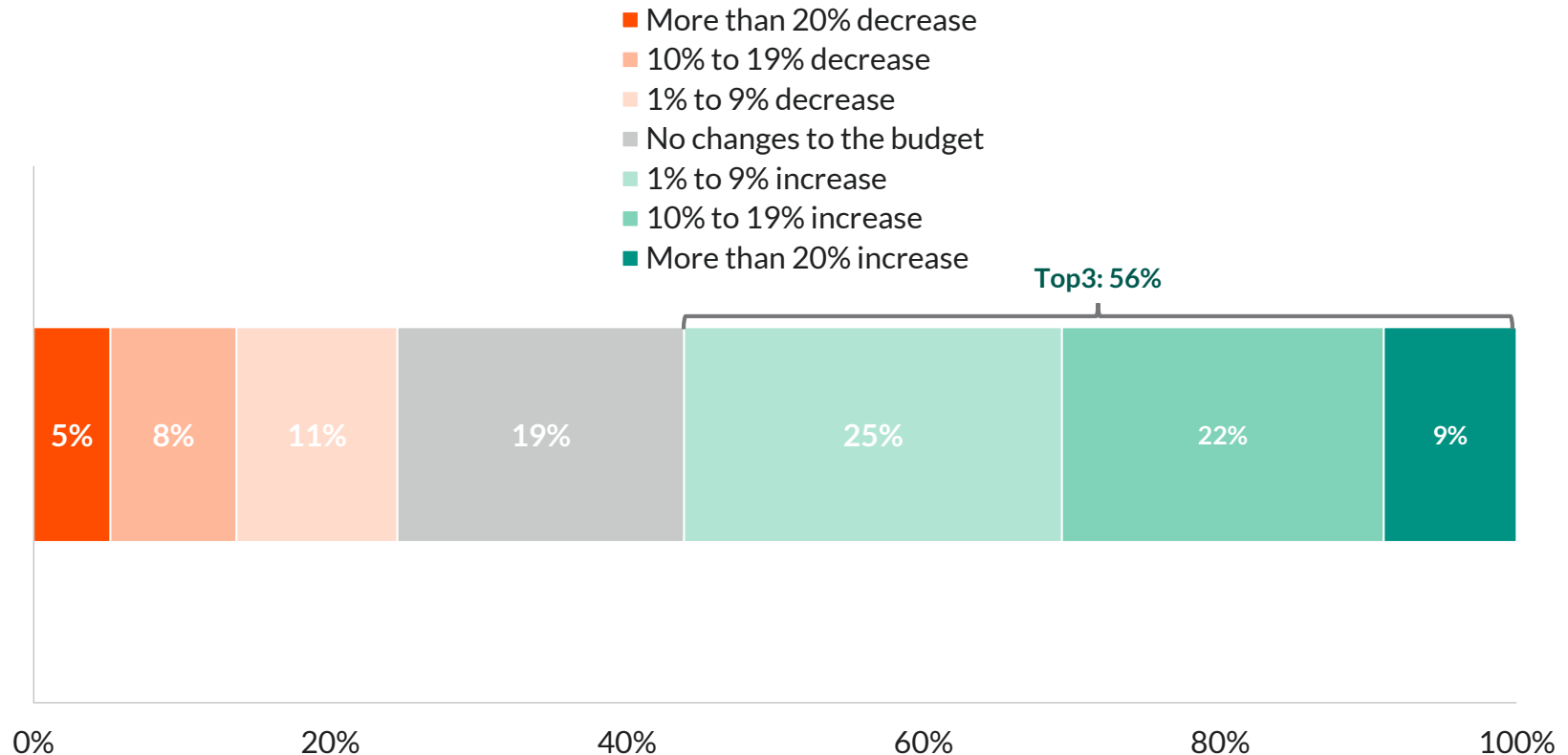
HIRING PRIORITIES FOR NEXT 18 MONTHS BY DEPARTMENT



MOST COMPANIES EXPECT IT BUDGETS TO INCREASE

- In contrast, just one in four (24%) expect a decrease.

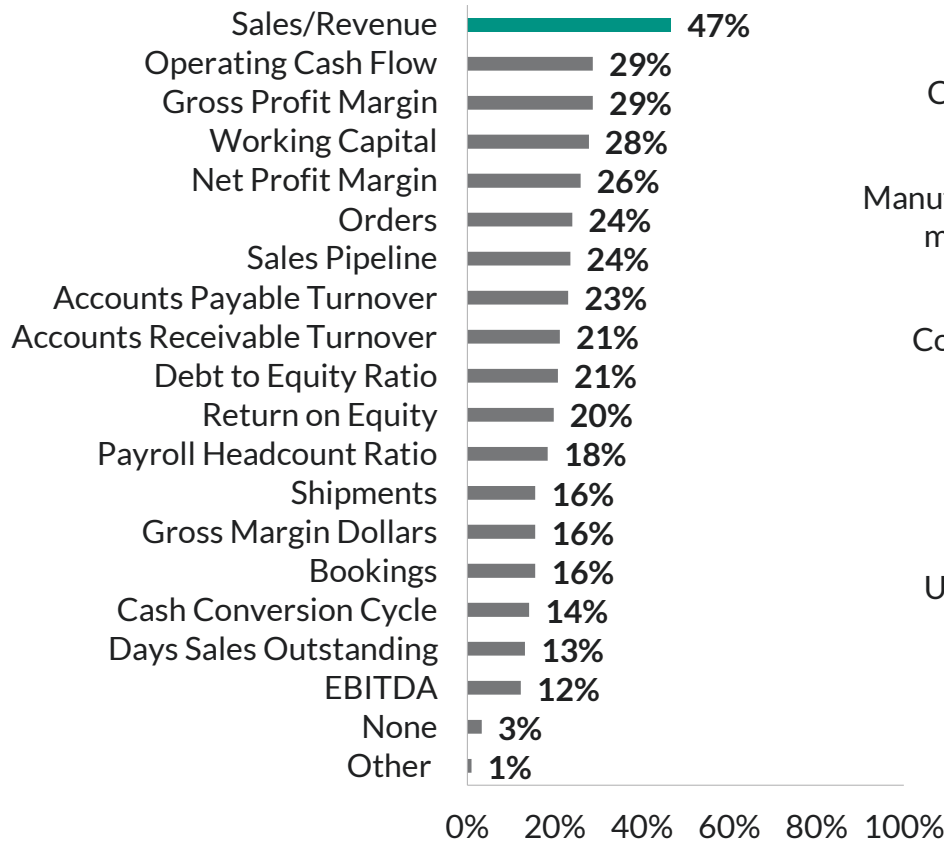
CHANGE IN IT BUDGET FOR REMOTE WORK ENABLEMENT



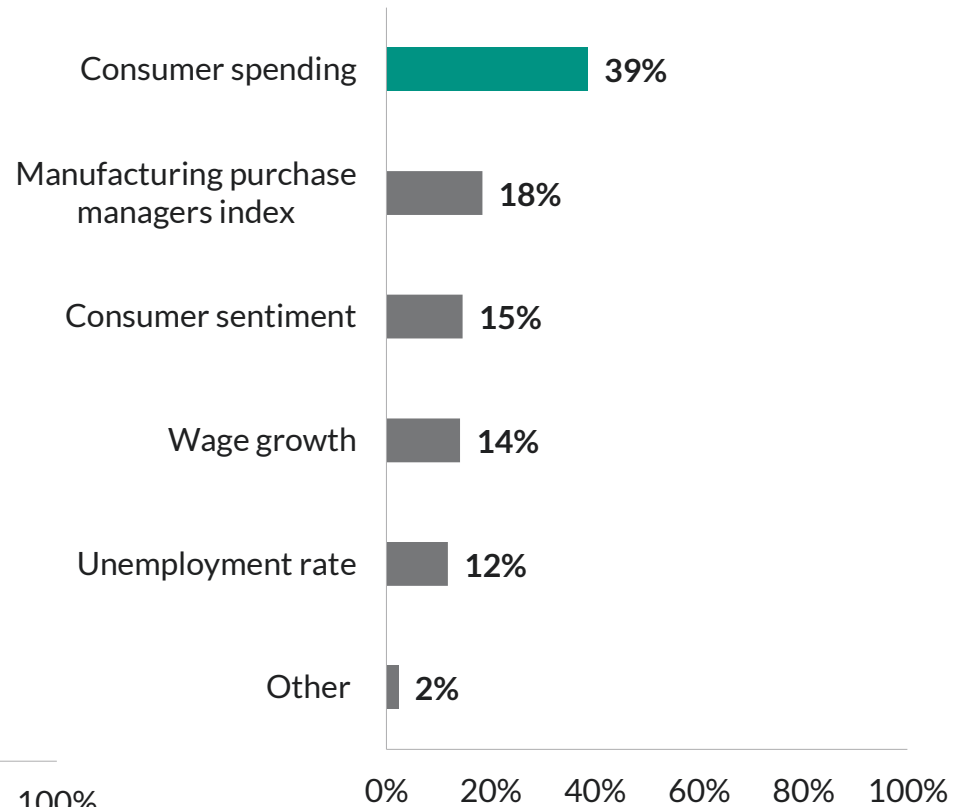
COMPANIES LOOK TO THEIR OWN TOPLINES AND CONSUMER SPENDING TO TRACK THE ECONOMIC RECOVERY

- Companies are also keeping an eye on operating cash flow and gross profit margins (29%) to gauge their own economic recovery.

MOST CLOSELY TRACKED FINANCIAL RECOVERY METRICS



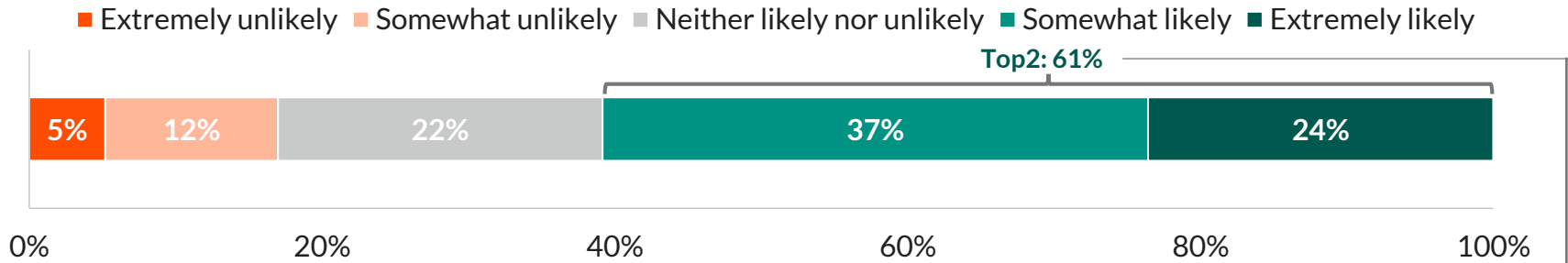
BIGGEST INDICATORS OF FINANCIAL RECOVERY



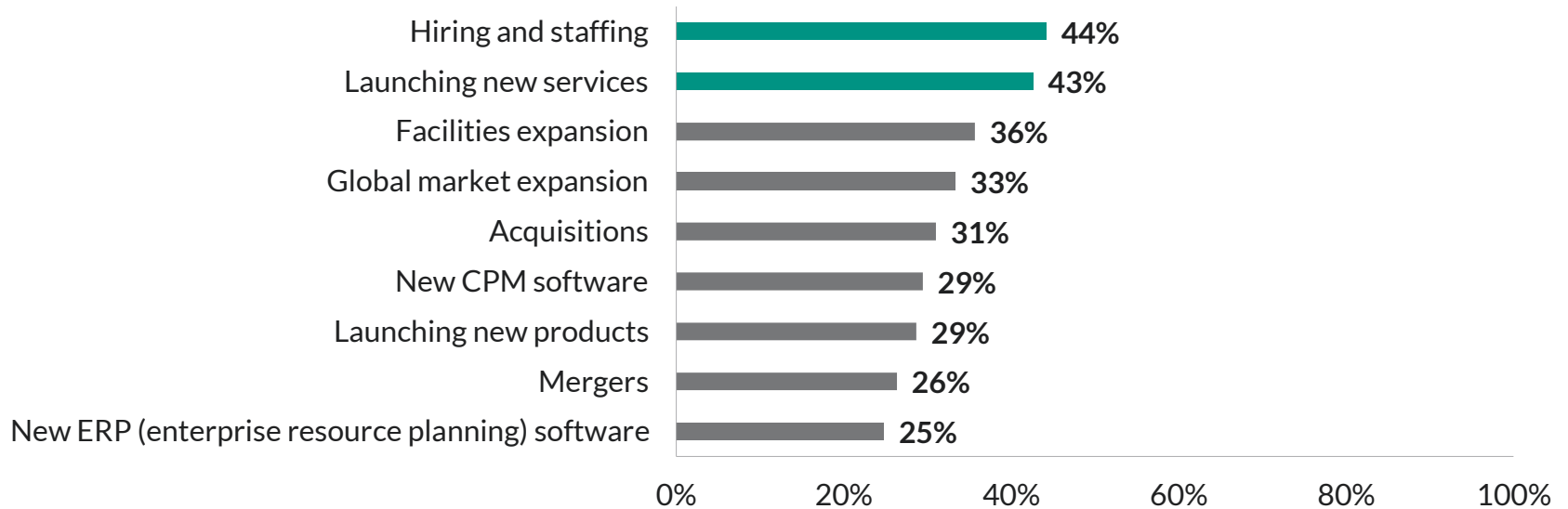
MOST COMPANIES ARE LIKELY TO DEFER KEY DECISIONS UNTIL AFTER THE 2020 ELECTIONS

- Among these, staffing (44%) and new service launches (43%) are the investments most likely to be deferred until after the elections.

LIKELIHOOD TO DEFER INVESTMENTS/DECISIONS AFTER 2020 ELECTIONS



INVESTMENTS DEFERRED AFTER 2020 ELECTIONS



COMPANIES EXPECT DAY-TO-DAY EXPENSES TO GO DOWN AND ARE SPLIT ON CAPITAL INVESTMENT CHANGES

- Nearly half of companies (45%) anticipate day-to-day expense decreases in 2021.
- With respect to capital investment, companies are divided relatively evenly across those that expect an increase (38%), no change (33%), or a decrease (29%).

COMPANIES' PLAN FOR CAPITAL INVESTMENT PLANS AND DAY-TO-DAY EXPENSES FOR 2021

Increase capital investments, decrease day-to-day operating expenses	21%
Maintain 2020 capital investments, decrease day-to-day operating expenses	16%
Increase day-to-day operating expenses, decrease capital investments	13%
Increase both capital investments and day-to-day operating expenses	10%
Maintain 2020 capital investments, increase day-to-day operating expenses	10%
Decrease both capital investments and day-to-day operating expenses	8%
Maintain 2020 day-to-day operating expenses, increase capital investments	7%
Maintain 2020 day-to-day operating expenses, decrease capital investments	7%
No change	7%

COMPANIES' PLAN FOR CAPITAL INVESTMENT PLANS AND DAY-TO-DAY EXPENSES FOR 2021 (REGROUPED ANSWERS)

	Capital Investment	Day-to-day
Up	38%	34%
No change	33%	21%
Down	29%	45%

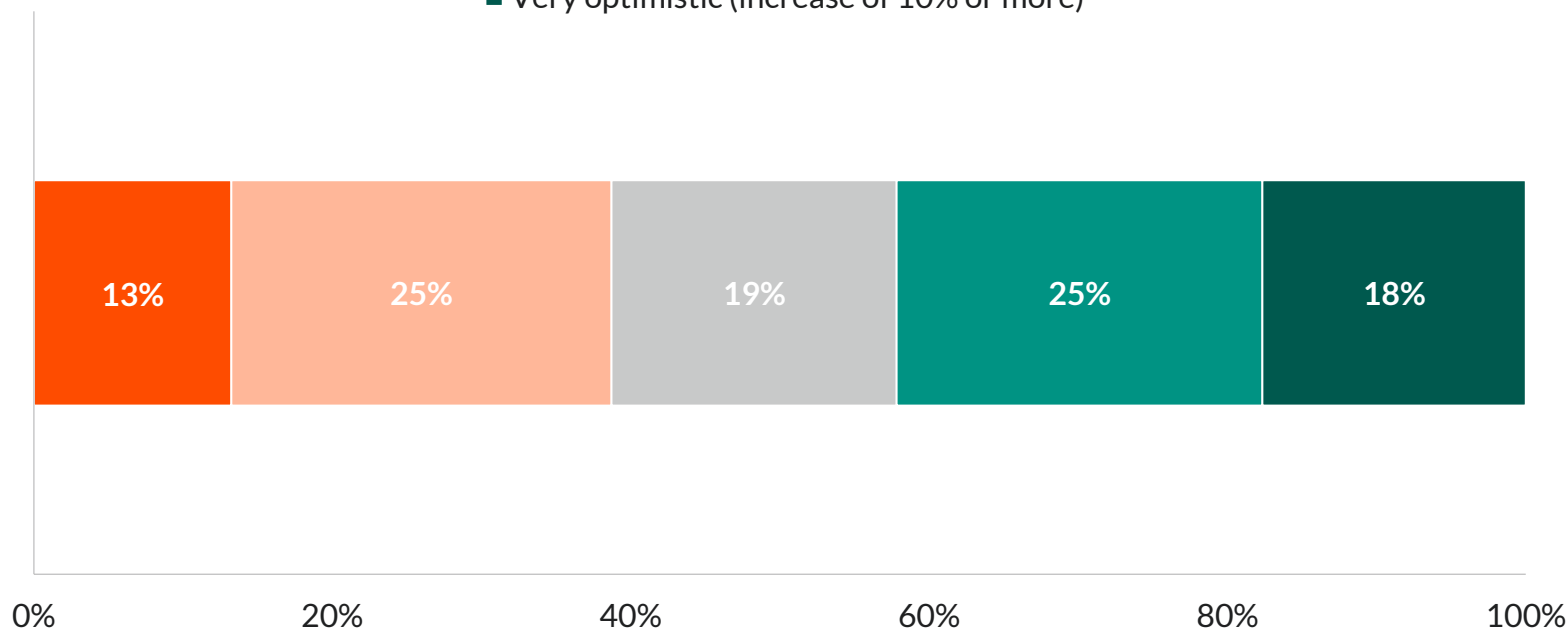


DECISION MAKERS' PERSONAL CONFIDENCE REGARDING ECONOMIC AND REGULATORY OUTLOOK IMPACTS BUDGETS, BUT NO CLEAR CONSENSUS

- The number that describe their outlook as somewhat pessimistic (25%) and somewhat optimistic (25%) are identical. Likewise, the share that are very pessimistic or very optimistic (13% and 18%, respectively) are also similar.

RESPONDENT'S ECONOMIC AND REGULATORY CONFIDENCE AND BUDGET IMPLICATION

- Very pessimistic (decrease of 10% or more)
- Somewhat pessimistic (decrease of <10%)
- Uncertain
- Somewhat optimistic (increase of <10%)
- Very optimistic (increase of 10% or more)



DECISION TOOLS USAGE

CLOUD-BASED PLANNING AND REPORTING TOOLS ARE USED MOST

- Most companies also regularly use predictive analytics (61%).
- Just under half regularly use machine learning or artificial intelligence (46% each). Looking forward, more companies plan on investing in these tools (19% and 20%, respectively) than any other.

CURRENT TOOL USAGE

	Cloud-based planning and reporting solutions	Predictive analytics	Machine learning	Artificial intelligence
We constantly use this tool	46%	28%	21%	20%
We occasionally use this tool	23%	33%	25%	26%
We rarely use this tool	13%	18%	19%	17%
We plan on investing in this tool	12%	8%	19%	20%
We currently do not use this tool	6%	12%	16%	17%

CLOUD-BASED PLANNING AND REPORTING HAS BEEN IN PLACE LONGER THAN OTHER TOOLS

- Most of these systems (55%) have been in place for more than six months. In contrast, companies using predictive analytics, machine learning, and artificial intelligence invested in these tools within the past six months (57% each).
- Among companies that have not adopted these tools, more than half plan to invest in 2021.

TOOL INVESTMENT TIMING AMONG CURRENT USERS

	Cloud-based planning and reporting solutions (n=174)	Predictive analytics (n=168)	Machine learning (n=137)	Artificial intelligence (n=134)
Less than 3 months ago (e.g., during the COVID-19 pandemic)	21%	18%	23%	22%
Between 3 and 6 months ago	25%	39%	34%	36%
More than 6 months ago	55%	43%	43%	43%

TOOL INVESTMENT TIMING AMONG NON-USERS PLANNING TO INVEST IN THE FUTURE*

	Cloud-based planning and reporting solutions (n=25)*	Predictive analytics (n=18)*	Machine learning (n=41)	Artificial intelligence (n=43)
Plan to invest in Q3 2020	24%	22%	12%	9%
Plan to invest in Q4 2020	20%	22%	34%	37%
Plan to invest in 2021	56%	56%	54%	53%

Q: Which of the following best describes when your company invested in the following data tools? (n varies based on tool usage)

Q: Which of the following best describes when your company plans on investing in the following tools? (n varies based on investment plans)

*Note small sample size (n<30). Interpret results with caution. Figures shown for directional purposes only.



PREDICTIVE ANALYTICS, MACHINE LEARNING, AND ARTIFICIAL INTELLIGENCE WILL HAVE MORE APPLICATIONS IN THE FUTURE

- Companies plan to use predictive analytics for more financial close and consolidation (56%) and account reconciliation (44%) and less for reporting/analysis (28%).
- Machine learning and artificial intelligence will be used more for future planning/forecasting (44% each). Additionally, artificial intelligence will be used more for financial close and consolidation (49%).
- In contrast, expected future applications of cloud-based planning and reporting solutions closely mirror their current applications.

TOOL USE CASES - CURRENT (TOP) AND FUTURE (BOTTOM)

	Cloud-based planning and reporting solutions (n=174)	Predictive analytics (n=168)	Machine learning (n=137)	Artificial intelligence (n=134)
Financial close and consolidation	44%	37%	34%	33%
Planning/forecasting	46%	49%	31%	37%
Reporting/analysis	50%	49%	39%	40%
Account reconciliation	41%	23%	27%	31%
Compliance/regulatory needs	38%	33%	31%	25%
Other	2%	1%	9%	7%

	Cloud-based planning and reporting solutions (n=25)	Predictive analytics (n=18)	Machine learning (n=41)	Artificial intelligence (n=43)
Financial close and consolidation	44%	56%	32%	49%
Planning/forecasting	44%	44%	44%	44%
Reporting/analysis	56%	28%	49%	33%
Account reconciliation	28%	44%	29%	30%
Compliance/regulatory needs	20%	28%	29%	28%
Other	8%	0%	2%	9%



RESPONDENT CHARACTERISTICS

RESPONDENT CHARACTERISTICS (1/2)



Age (n=212)

18 to 24	3%
25 to 34	35%
35 to 44	38%
45 to 54	16%
55 to 64	7%
65 or older	2%



Country (n=212)

Canada	20%
Mexico	17%
United States	64%



Current Employment Status (n=212)

Employed full-time	100%
Employed part-time	0%
Self-employed	0%
Unemployed	0%
Stay-at-home parent/caregiver	0%
Student	0%
Retired	0%
Unable to work	0%
Prefer not to respond	0%



Job Role (n=212)

Manager/Sr. Manager	40%
Director	23%
Vice President/Sr. Vice President	7%
C-Suite Executive	17%
President/CEO	8%
Owner	6%



Role in Financial Decision-Making (n=212)

Primary decision-maker	72%
Share authority	28%
Give input, no authority	0%
Do not participate	0%

RESPONDENT CHARACTERISTICS (2/2)



Industry (n=212)

Accommodation and Food Services	0%
Agriculture, Forestry, Fishing and Hunting	1%
Arts, Entertainment, and Recreation	0%
Automotive	0%
Construction/Architecture	5%
Education	2%
Finance and Insurance	36%
Healthcare/Medical	4%
Information Technology	17%
Manufacturing	11%
Mining & Quarrying	0%
Professional/Technical Services	8%
Public Administration/Government/Defense	2%
Real Estate	1%
Retail	5%
Telecommunications	1%
Transportation and Warehousing	1%
Utilities	0%
Other	5%



Organization Headcount (n=212)

Fewer than 250 employees	23%
250 to 499 employees	10%
500 to 999 employees	26%
1,000 to 4,999 employees	18%
5,000 to 19,999 employees	10%
20,000 employees or more	11%
Don't know / Prefer not to respond	1%



Organization Revenue (n=212)

Under \$100M	29%
\$100M to \$499M	15%
\$500M or \$999M	19%
\$1B to \$4.99B	17%
\$5B to \$10B	8%
Over \$10B	9%
I don't know / Prefer not to respond	3%



Thank you.

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