Finance Leaders Seeking New Revenue Through Business & Pricing Innovation

Amid competitive and technical disruption concerns, the enterprise appears poised for evolution

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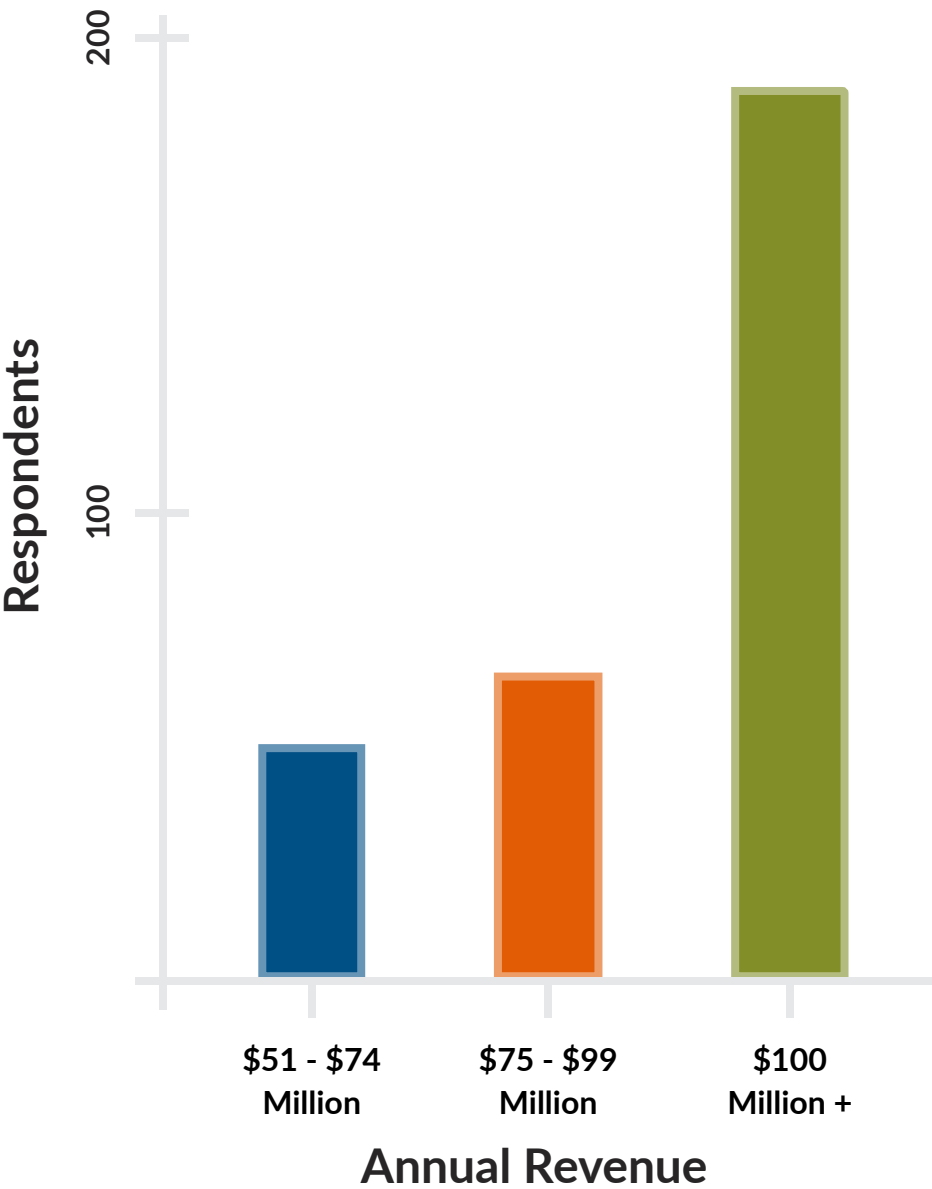# Finance Leaders Seeking New Revenue Through Innovation

What are finance teams concerned with? And how will they innovate for growth? The Trends in Finance survey results presented on the following pages offer compelling insights.

The US economy has enjoyed its longest stretch without a recession since World War II. For some finance professionals, this steady growth creates some uncertainty that an inevitable downturn is waiting around the corner. However, this BillingPlatform 2020 survey reveals companies are continuing to invest in initiatives that are focused on revenue growth.

The 2020 BillingPlatform *Trends in Finance Survey Report* demonstrates that companies continue to invest in growth, with some caution of course. What does that mean for finance professionals? Finance teams are supporting their businesses by focusing investments on new revenue streams and innovative product and pricing practices, while minimizing capital expenditures.

However, this is no easy task, especially for large organizations who have also identified common roadblocks like system constraints and outdated infrastructures.

Which of the following describes your company's annual revenue?

Respondents (y-axis, values 100, 200)

Annual Revenue (x-axis)

$51 - $74 Million | $75 - $99 Million | $100 Million +

Methodology

We surveyed 300 finance vice presidents and directors to uncover the most important priorities and areas of concern facing the country's largest corporations in every industry. Our respondents represent US-based organizations with annual revenues exceeding $50 million.

Key Findings

Innovation and disruptive models will dominate 2020

Of the finance leaders surveyed **60% will launch new products or services** to generate new revenue streams, and **56% will institute disruptive business models** for the same purpose. Additionally, **one-third see creative pricing tactics** as a means for further innovation. Finance departments seeking new talent are valuing digital and advanced analytics skills in response to these trends.

Encountering common roadblocks

Half of the finance leaders surveyed believe disruptive competitors and internal system constraints will be the biggest revenue hurdles in 2020. Additionally, over 95% identified regulations that presented challenges to their business.

Budget growth puts most enterprises in the fast lane

Half of budgets will increase in 2020. These **enterprises in growth mode will be in great position to dominate** their respective markets. However, businesses in more conservative positions are focusing on strategic technology growth while limiting costs.

Focusing on technology system issues

Two-thirds of our respondents are focusing on moving systems and applications to the cloud. Additionally, many leaders will f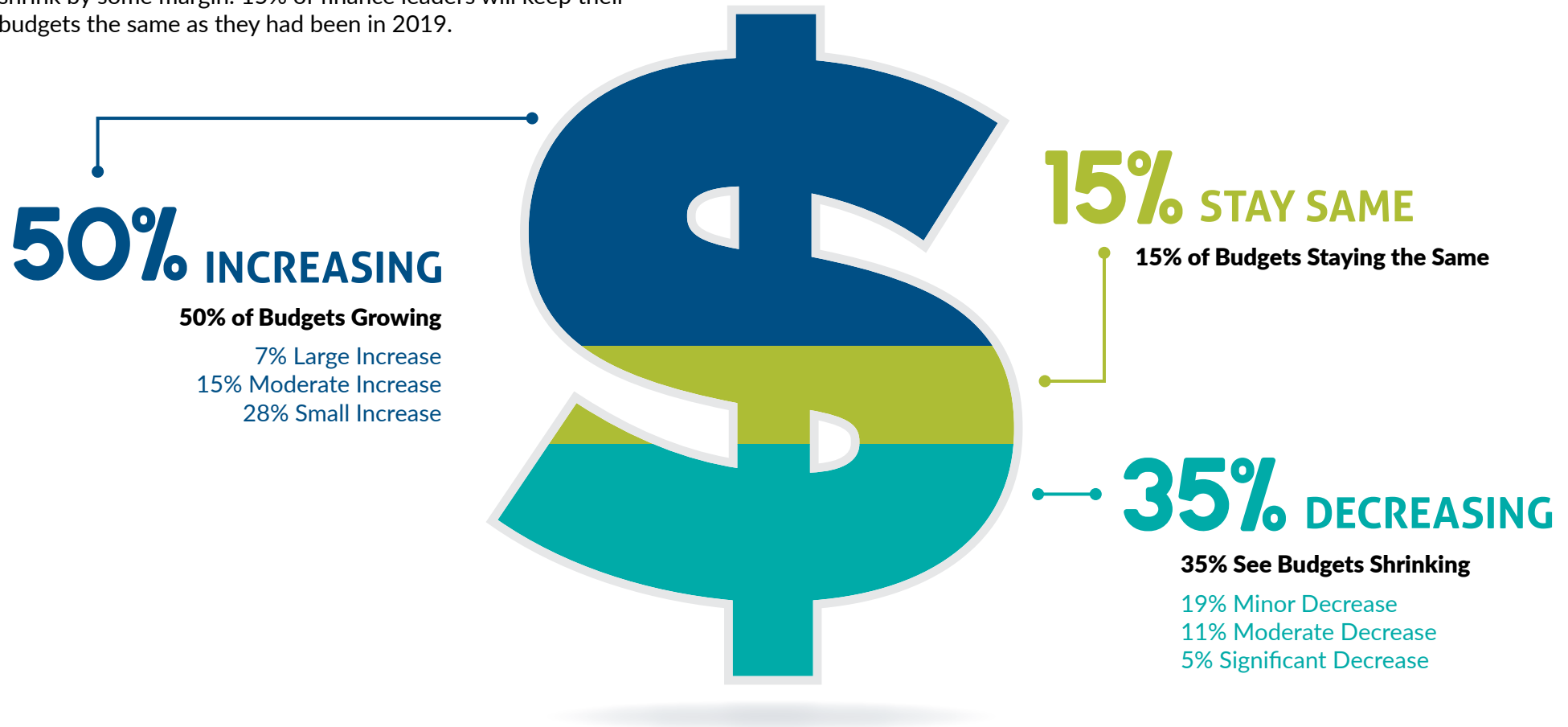ocus on consolidating system data for analysis. Cybersecurity remains top of mind for finance departments, with over 80% characterizing the capability as a moderate or key concern in 2020.

Budgets are Growing

Half of 2020 Budgets Will Increase

The survey revealed a mixed outlook for 2020 budget planning. Half of 2020's budgets will increase, and over one third of budgets will shrink by some margin. 15% of finance leaders will keep their budgets the same as they had been in 2019.

Which of the following best describes your budget for 2020?

50% INCREASING

50% of Budgets Growing

7% Large Increase
15% Moderate Increase
28% Small Increase

15% STAY SAME

15% of Budgets Staying the Same

35% DECREASING

35% See Budgets Shrinking

19% Minor Decrease
11% Moderate Decrease
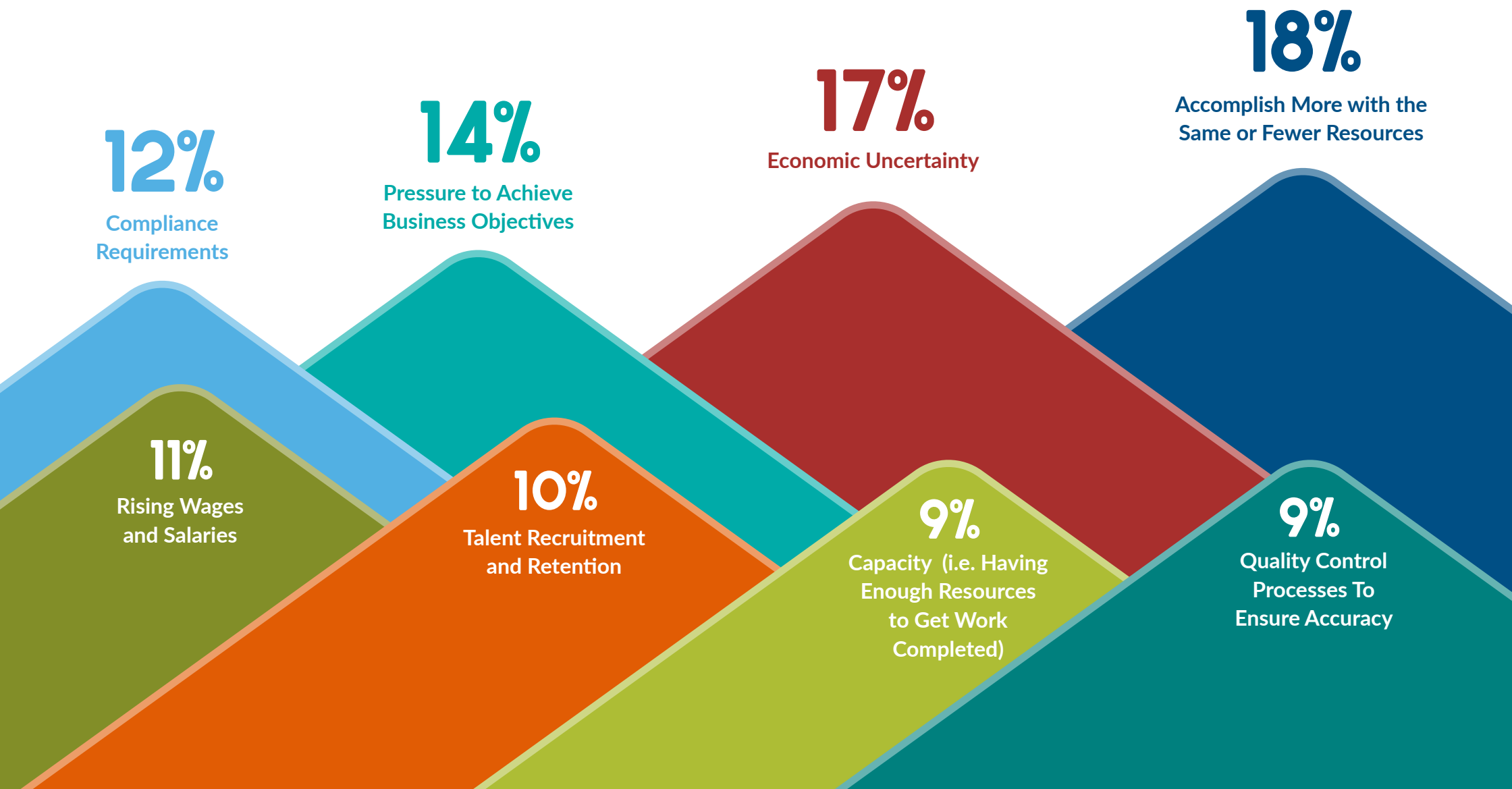5% Significant Decrease

This mixed finance team budget outlook raises the question "where are companies investing in 2020?" The remainder of the survey points toward innovation and technology for revenue growth.

Resource Constraints Rise to the Top of Finance Team Challenges

Finance professionals face many different types of challenges in the coming year. However, achieving more with the same resources rose to the top of these concerns for US enterprises. Economic and business pressures appeared as the second and third biggest challenges for 2020.

Which is the highest-priority challenge facing your finance team in 2020?

12%
Compliance Requirements

14%
Pressure to Achieve Business Objectives

17%
Economic Uncertainty

18%
Accomplish More with the Same or Fewer Resources

11%
Rising Wages and Salaries

10%
Talent Recruitment and Retention

9%
Capacity (i.e. Having Enough Resources to Get Work Completed)

9%
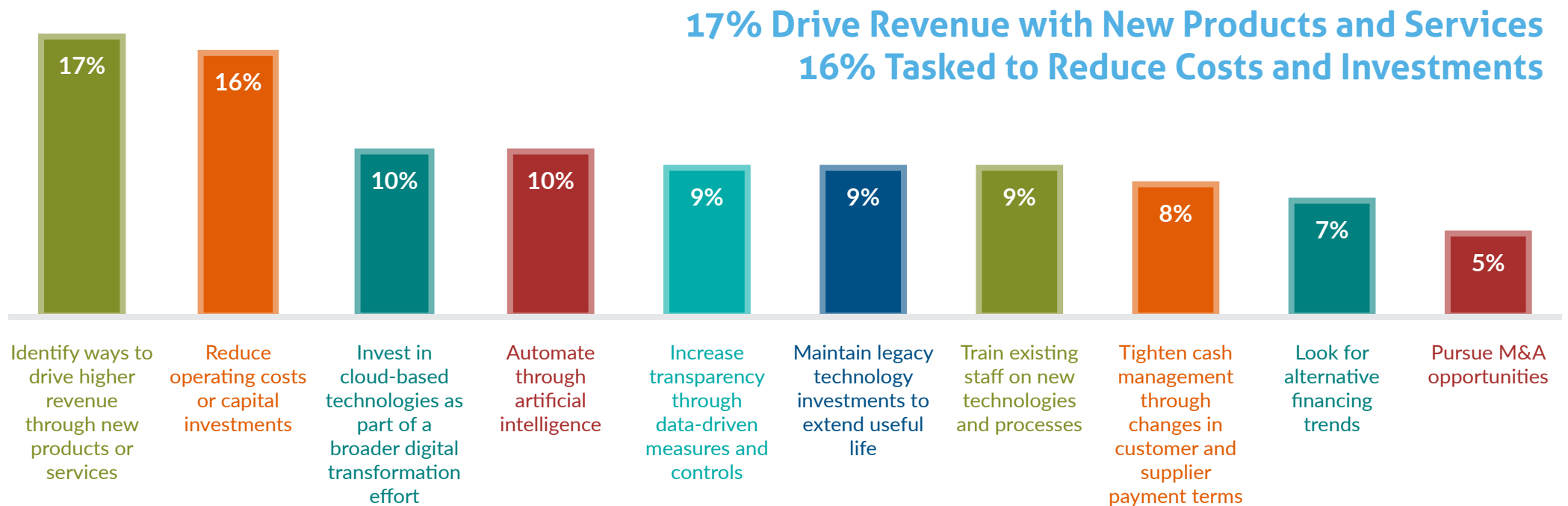**Quality Control Processes To Ensure Accuracy**

Prioritizing Innovation and Growth

Finance Teams Focusing on Driving New Revenue and Cutting Costs

We asked respondents how they believed the finance team could best contribute to their enterprise in 2020. Although leaders see a number of priorities for 2020, the most commonly picked answers were very telling for enterprise strategies.

> *In reaction to the global economic situation, which of the following has your company's finance function taken or is likely to take by the end of 2020?*

17% Drive Revenue with New Products and Services
16% Tasked to Reduce Costs and Investments

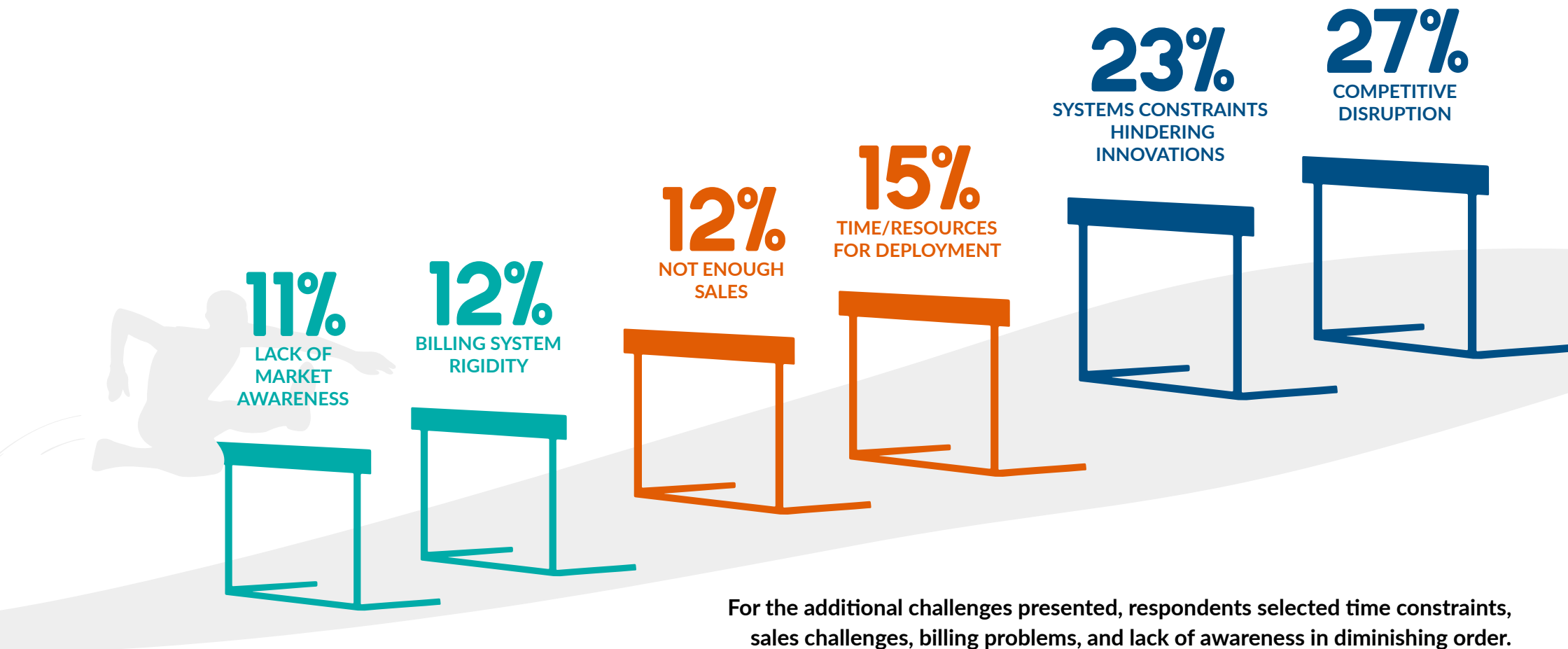| 17%	16%	10%	10%	9%	9%	9%	8%	7%	5%
Identify ways to drive higher revenue through new products or services	Reduce operating costs or capital investments	Invest in cloud-based technologies as part of a broader digital transformation effort	Automate through artificial intelligence	Increase transparency through data-driven measures and controls	Maintain legacy technology investments to extend useful life	Train existing staff on new technologies and processes	Tighten cash management through changes in customer and supplier payment terms	Look for alternative financing trends	Pursue M&A opportunities

It's clear that leaders are trying to squeeze more value from the same pool of resources. Note that four of the top five priorities are focused on leveraging technology to automate processes and drive efficiencies.

Common Roadblocks to Success

Finance Leaders are Concerned About Competition and Barriers to Innovation

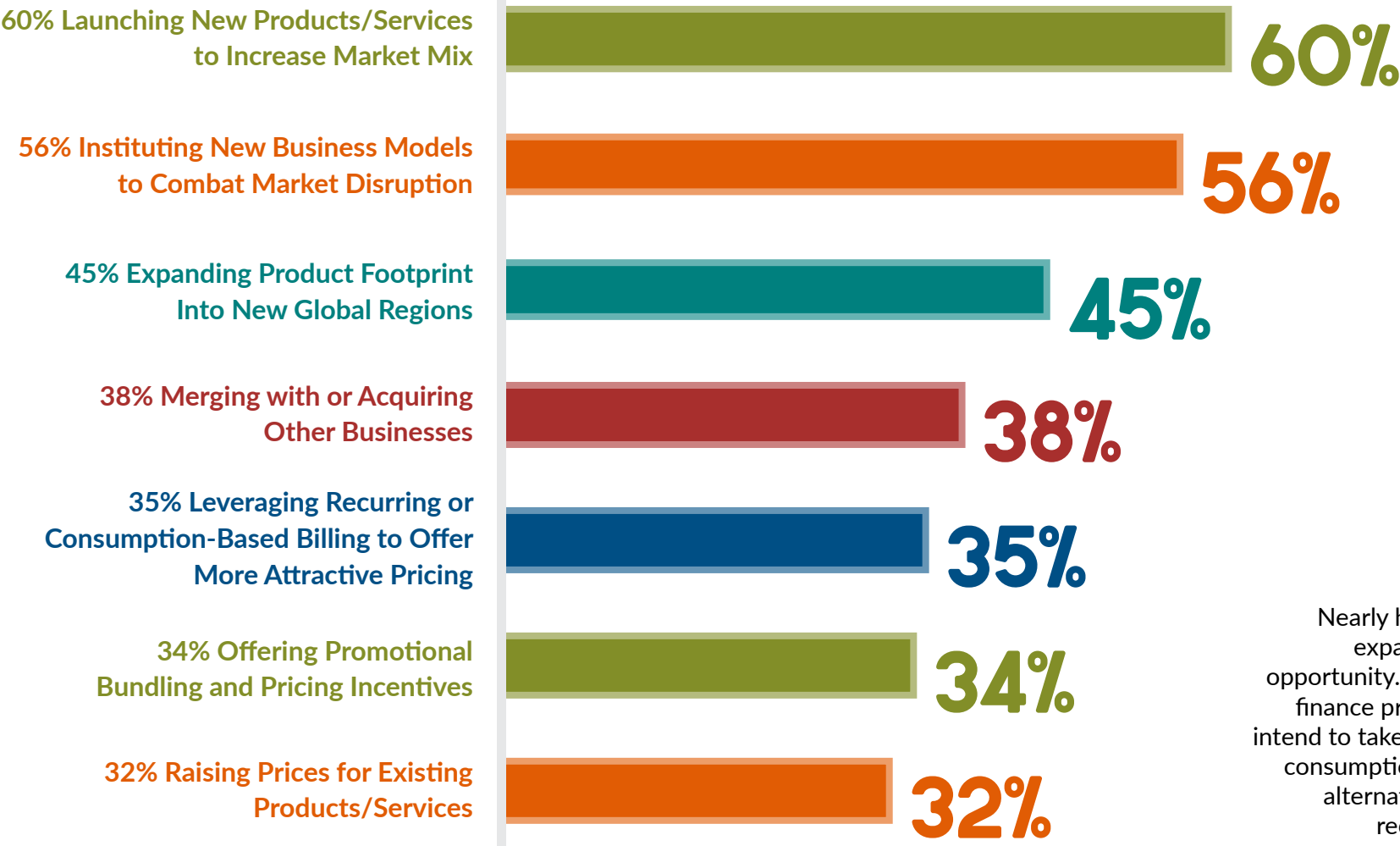In 2020, finance leaders see two primary roadblocks to growing enterprise revenue:

What is your organization's single biggest roadblock to increasing revenue in 2020?

11%
LACK OF MARKET AWARENESS

12%
BILLING SYSTEM RIGIDITY

12%
NOT ENOUGH SALES

15%
TIME/RESOURCES FOR DEPLOYMENT

23%
SYSTEMS CONSTRAINTS HINDERING INNOVATIONS

27%
COMPETITIVE DISRUPTION

For the additional challenges presented, respondents selected time constraints, sales challenges, billing problems, and lack of awareness in diminishing order.

Top Growth Priorities Include New Revenue Streams and Business Models

We asked Finance Leaders how they plan to grow in 2020, giving them a diverse array of options to choose from. However, many leaders share similar strategies for growth in 2020. Respondents were given the option to choose up to three answers, two of which rose to the top:

Which steps will your business take to overcome these roadblocks in 2020? (Choose up to three responses).

60% Launching New Products/Services to Increase Market Mix
60%

56% Instituting New Business Models to Combat Market Disruption
56%

45% Expanding Product Footprint Into New Global Regions
45%

38% Merging with or Acquiring Other Businesses
38%

35% Leveraging Recurring or Consumption-Based Billing to Offer More Attractive Pricing
35%

34% Offering Promotional Bundling and Pricing Incentives
34%

32% Raising Prices for Existing Products/Services
32%

Nearly half of respondents see global expansion as an attractive growth opportunity. In addition, over one-third of finance professionals indicate that they intend to take advantage of subscription or consumption-based billing to offer more alternatives to customers and create recurring revenue relationships.
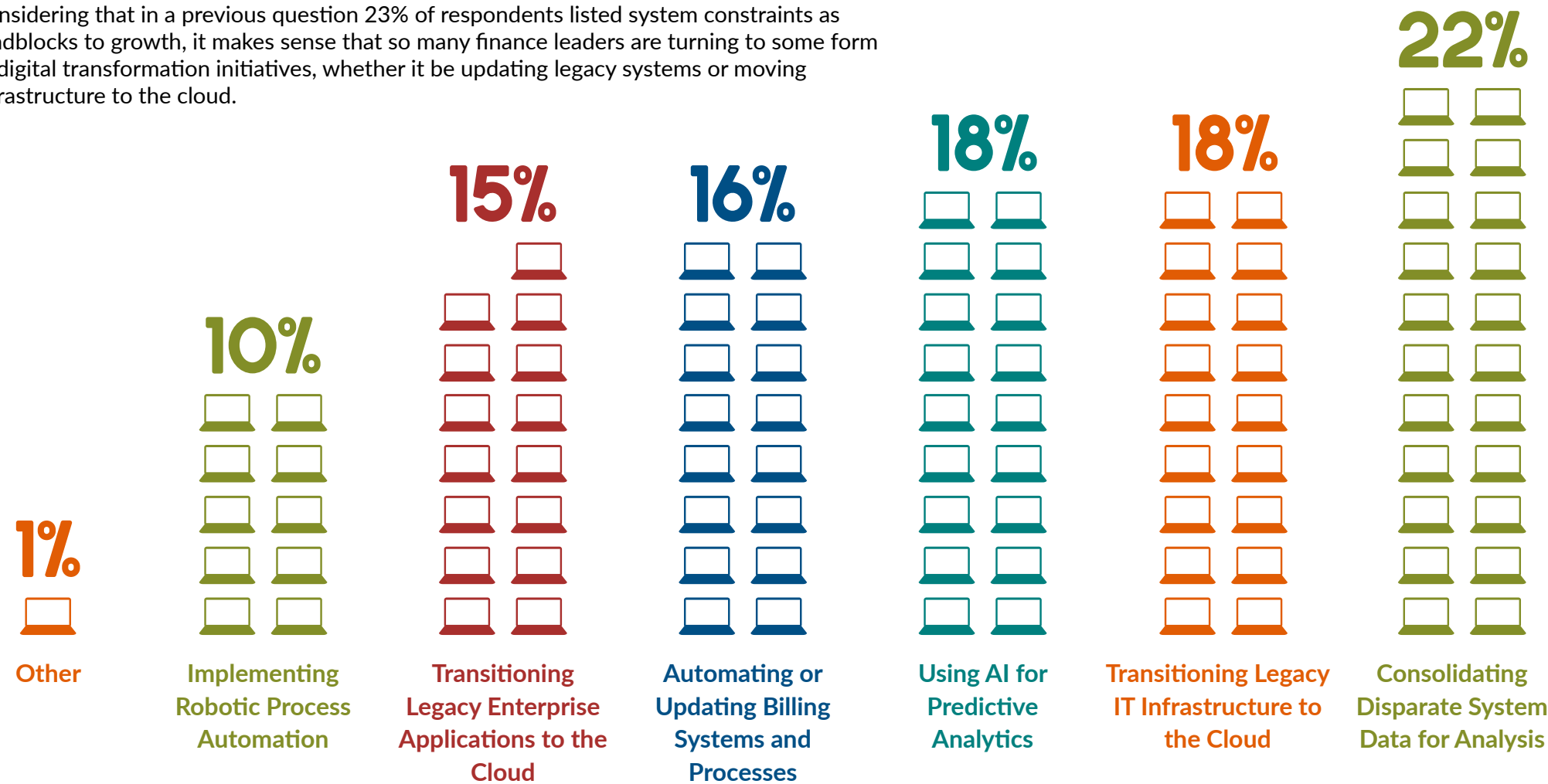
Technology Is an Important Piece of the Financial Growth Puzzle

In the new decade, technology will continue to transform how global enterprises conduct business. Finance leaders were asked which technology-related issues are most important to their departments.

Responses were distributed fairly evenly, suggesting that technology has different impacts on organizations depending on the nature of the business.

Considering that in a previous question 23% of respondents listed system constraints as roadblocks to growth, it makes sense that so many finance leaders are turning to some form of digital transformation initiatives, whether it be updating legacy systems or moving infrastructure to the cloud.

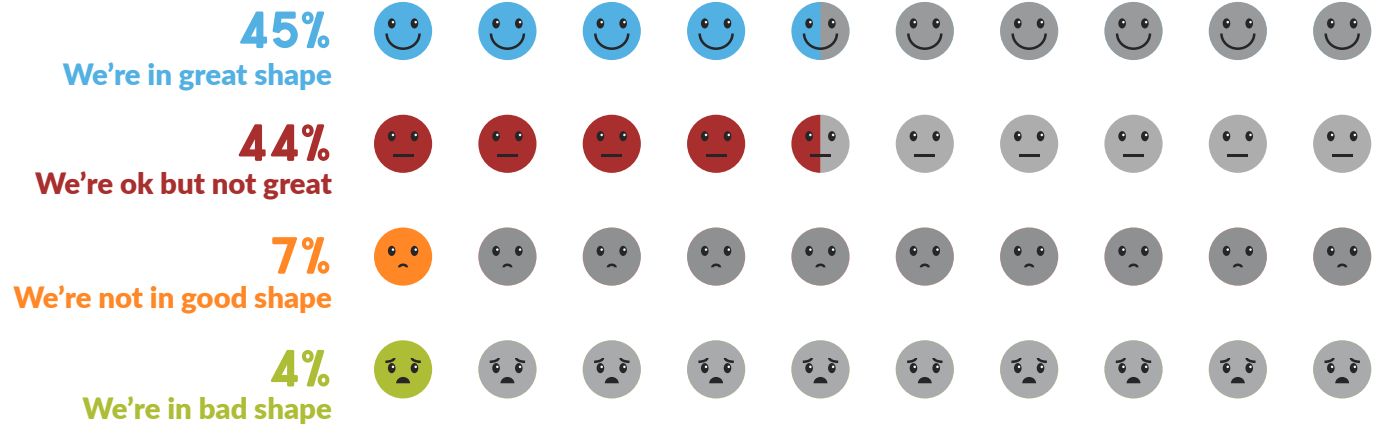*Which technology issue is most important to your department entering 2020?*

1%
Other

10%
Implementing Robotic Process Automation

15%
Transitioning Legacy Enterprise Applications to the Cloud

16%
Automating or Updating Billing Systems and Processes

18%
Using AI for Predictive Analytics

18%
Transitioning Legacy IT Infrastructure to the Cloud

22%
Consolidating Disparate System Data for Analysis

Finance Teams Need to Evolve

Finance Departments Not Optimized for 2020

Finance team composition is evolving with the renewed focus on innovation and growth. Leaders recognize that they need certain skill sets within their groups to fully capitalize on new, digital opportunities. Although 45% see their teams as prepared, most finance professionals surveyed believe their teams are OK at best or not well equipped to deal with the challenges of 2020.
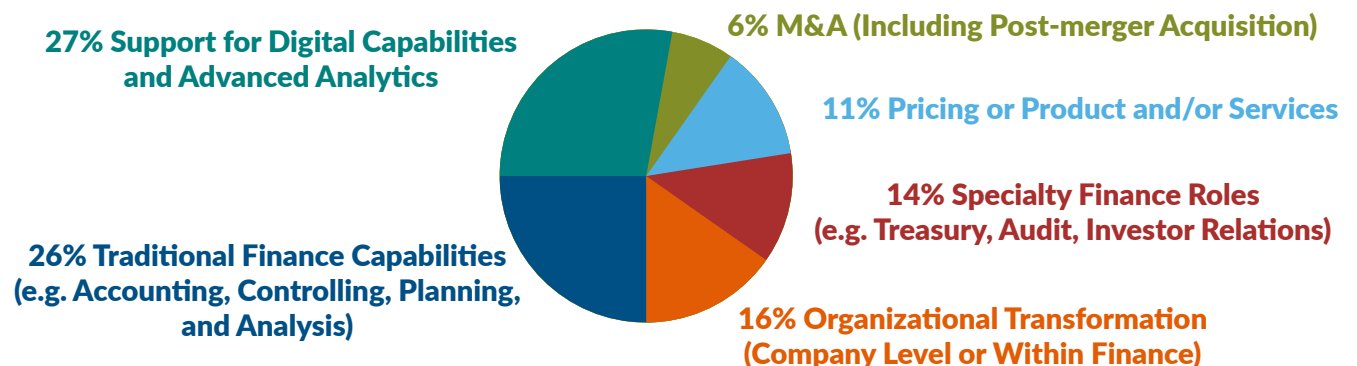
In terms of skill set, how would you rate your current team as it prepares to deal with new challenges in 2020?

45%
We're in great shape

44%
We're ok but not great

7%
We're not in good shape

4%
We're in bad shape

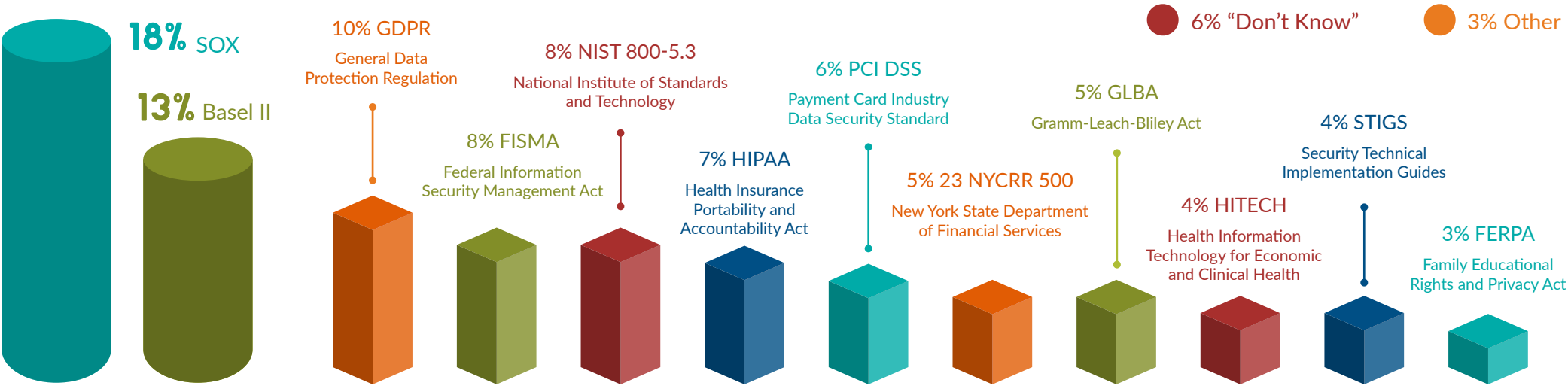## Digital and Tech Capabilities Highly Coveted

Aside from traditional accounting capabilities, finance teams are seeking talent with digital or advanced analytics expertise ahead of other knowledge areas. One-fourth of leaders want tech-savvy hires. Only 11% of teams need talent with strong skill-sets specifically in product pricing or M&A processes.

Which skill is most important for new hires on your finance team going into 2020?

27% Support for Digital Capabilities and Advanced Analytics

6% M&A (Including Post-merger Acquisition)

11% Pricing or Product and/or Services

14% Specialty Finance Roles (e.g. Treasury, Audit, Investor Relations)

26% Traditional Finance Capabilities (e.g. Accounting, Controlling, Planning, and Analysis)

16% Organizational Transformation (Company Level or Within Finance)

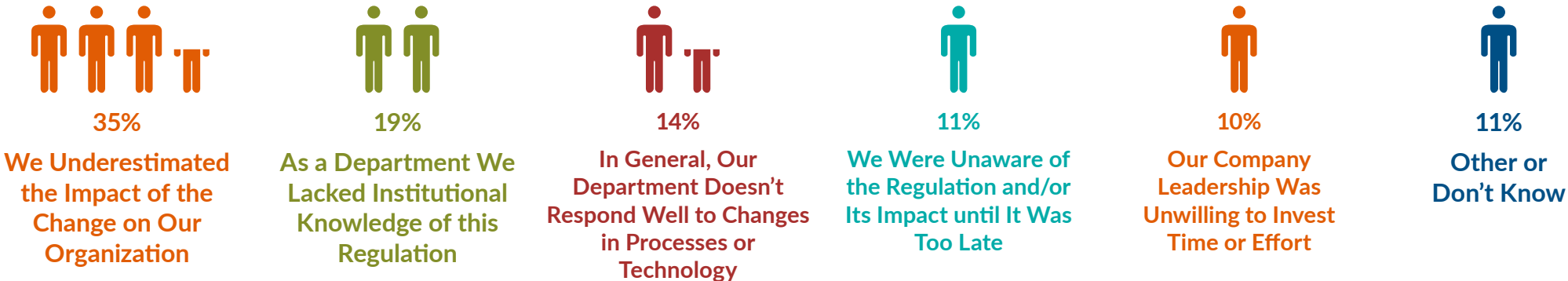# Complying with Finance Regulations Remains Difficult

On the regulatory front, finance teams are still burdened by two pieces of legislation in particular: the 2002 Sarbanes-Oxley Act (SOX) and the Basel II / III Frameworks.

Which regulation has challenged your department most over the past three years?

● 6% "Don't Know"   ● 3% Other

18% SOX

13% Basel II

10% GDPR
General Data Protection Regulation

8% NIST 800-5.3
National Institute of Standards and Technology

8% FISMA
Federal Information Security Management Act

7% HIPAA
Health Insurance Portability and Accountability Act

6% PCI DSS
Payment Card Industry Data Security Standard

5% 23 NYCRR 500
New York State Department of Financial Services

5% GLBA
Gramm-Leach-Bliley Act

4% HITECH
Health Information Technology for Economic and Clinical Health

4% STIGS
Security Technical Implementation Guides

3% FERPA
Family Educational Rights and Privacy Act

Regulations Impacting Finance Departments More than Anticipated

Why was this piece of regulation a challenge to your department?

Over one-third of finance professionals said they underestimated the impact the regulations would have on their organizations. Of those surveyed, 30% acknowledged that their finance teams lacked institutional knowledge or awareness regarding the effect certain regulations would have on their business processes.

35%
We Underestimated the Impact of the Change on Our Organization

19%
As a Department We Lacked Institutional Knowledge of this Regulation

14%
In General, Our Department Doesn't Respond Well to Changes in Processes or Technology

11%
We Were Unaware of the Regulation and/or Its Impact until It Was Too Late

10%
Our Company Leadership Was Unwilling to Invest Time or Effort

11%
Other or Don't Know

Cybersecurity in Finance Outlook

Cybersecurity Still Important for Finance Departments

Cybersecurity continues to be a critical issue for US-based businesses. According to our study, finance leaders do not believe their departments are immune or isolated from cybersecurity challenges.
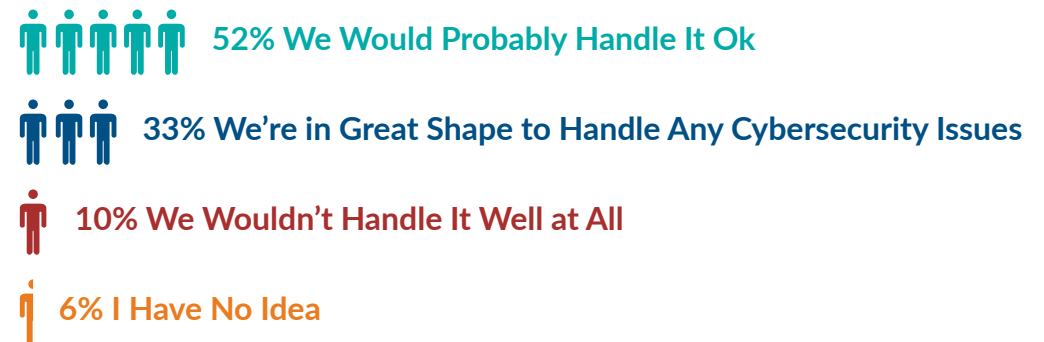
How significant a concern is cybersecurity to your finance team?

42%
Moderate Concern

39%
Among the Top Concerns/Risks

2%
Not a Concern

17%
Minimal Concern
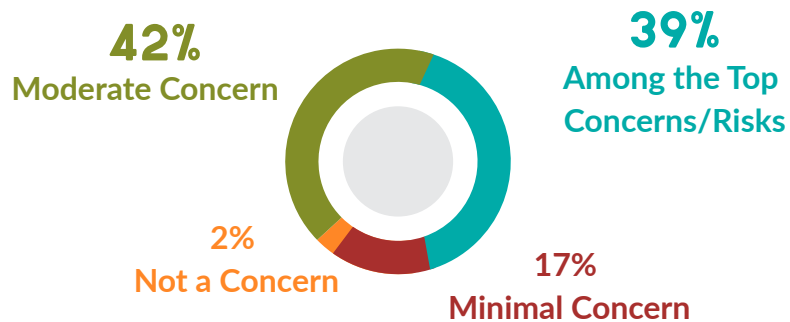
Cybersecurity Issues Would Pose Difficulties for Many

Should a major cybersecurity issue arise, only one-third of respondents would be in great shape to handle it. Approximately 15% would be in trouble or have no sense of how their teams would cope.

How would you rate your department's ability to handle a major cybersecurity issue?

52% We Would Probably Handle It Ok

33% We're in Great Shape to Handle Any Cybersecurity Issues

10% We Wouldn't Handle It Well at All

6% I Have No Idea

Finance Carries Some Cybersecurity-related Responsibility

Overall, a vast majority of finance leaders do believe their teams have a role to play in protecting their businesses from the impacts of cybersecurity issues.

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

37%
Educating Staff on Potential Scams and How to Deal with Them

30%
Talking to the CEO and Other Senior Leadership about the Potential Financial Impact

20%
Closely Monitoring Employee Use of Computers and Mobile Devices

10%
Finance Has No Role

4%
I'm Not Sure

Enterprises Need Cost-effective Innovation Tactics

In 2020, finance professionals at large US-based corporations are focusing their efforts on creating new revenue streams and instituting disruptive business models to ensure their businesses continue to grow.

To this end, finance executives are seeking analytically savvy talent and turning to technology to overcome operational inefficiencies. Leaders are pursuing digital transformation across critical business lanes and exploring ways to create new revenue streams. Still, many are held back by legacy systems and rigid IT infrastructure. Enterprises want to innovate, but many do not have the capabilities or solutions to do so effectively.

Competing in the current global economy requires agility and sophistication. Core business functions must be able to evolve with rapidly changing markets and support innovation with ease. True differentiation in today's ecosystem means having the flexibility to design and deploy business models on your terms, whenever you want.

About BillingPlatform

BillingPlatform

Freedom to Innovate. Total Control.

As the BillingPlatform survey demonstrates, the need for greater business agility is driving enterprise demand for more flexible operational support solutions. To this end, BillingPlatform designed our cloud billing platform to adapt to any business requirement, giving finance teams total control over their financial ecosystem.

Companies and industry analysts recognize BillingPlatform for the unique value we deliver:

- Support for all business requirements—any product, any service, and any business model

- Achieve business agility by extending your billing solution with an easy to use interface that requires no coding knowledge

- Run your business with greater efficiency, accuracy, control and trust

Enterprises in multiple industries trust BillingPlatform to integrate their entire financial ecosystem and workflows. For global enterprises, BillingPlatform is the only monetization and billing solution that delivers the freedom to innovate—growing your revenue, increasing your speed to market, and reducing your operations costs.

BillingPlatform

BillingPlatform is the industry leading cloud-based software solution that enables enterprises to automate their billing processes. Companies have the ability to support any kind of billing model—from subscriptions, to usage, to one-time charges—and automate the entire monetization process from product conception through revenue recognition, all on a single platform. With global customers across multiple industries including communication, transportation, technology, utilities, and media, BillingPlatform processes millions of transactions and billions of dollars every year enabling enterprises to grow revenue, reduce costs, and improve customer experiences.

To learn more visit

www.billingplatform.com