Leadership in a new era
How finance and IT leaders are guiding post-pandemic strategy
Introduction

Finance and IT leaders face a different world in the approaching post-pandemic era. In addition to grappling with changes to their operations and processes, businesses will need to strategize in new ways, and success will depend on collaboration, visibility into spending, and building the infrastructure for an ever more connected world.

Oxford Economics and the SAP Concur business unit of SAP recently surveyed 500 finance and IT leaders at companies with fewer than 1,000 employees. Our research, which spanned seven countries including the US, uncovered key takeaways for both finance and IT leaders. This paper will begin with global findings and then examine US results in depth.

Global finance and IT takeaways include:

- **Finance and IT leaders are playing an increasingly strategic role** as pandemic-driven operational changes persist and the pace of digitization increases. Complicating matters: collaboration between functions could use improvement.

- **Uncertainty about the post-pandemic world lingers.** Most companies made adjustments to day-to-day processes, but many are unsure which ones will be permanent.

- **Technology and culture pose dual threats.** Respondents identify increasing agility as their top functional goal, but difficulties implementing changes to company culture and digitizing manual operations are top challenges.

- **Decision-makers are not using technology to its fullest potential.** They face difficulty gaining visibility into spending, compliance challenges, and adapting to a hybrid working environment.

The past year has demonstrated that planning can only go so far. Companies must be able to move in real time to adopt new tools and technologies and collaborate effectively despite obstacles. This is the great opportunity and challenge facing finance and IT decision-makers today.
Key definitions
Throughout this research program, we refer to “digital transformation” and “company culture.” No longer buzzwords, these are very real concerns for organizations with fewer than 1,000 employees.

By **digital transformation** we mean adopting technology to replace or enhance manual processes or replacing older technology with next-generation solutions.

By **company culture** we mean the ways employees and leaders collaborate in their day-to-day activities and strategically solve problems, make decisions, communicate changes to culture or process, recognize achievements, and overcome challenges.

About the survey

**Sample**

500 Finance and IT leaders

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**Finance decision-makers**

60%

**IT decision-makers**

40%

**Sectors covered**

A wide range, including significant samples from manufacturing, financial services, and professional services

**Dates fielded**

March through April 2021

**Company sizes represented**

All have fewer than 1,000 employees.

- **17%** fewer than 50 employees
- **11%** 51 to 100 employees
- **43%** 101 to 500 employees
- **29%** 501 to 999 employees

**Countries covered**

United States, Canada, Mexico, UK, France, Japan, Australia
In the driver’s seat for a bumpy ride

As businesses adapted during a tumultuous 2020, the importance of highly effective finance and IT functions was more apparent than ever. Most organizations had to adapt to a hybrid or remote workplace while handling drastic changes in customer demands and interactions. This presented an obvious challenge to IT decision-makers, while finance teams grappled with unpredictable revenue streams and complications in the day-to-day tasks that keep a business running.

These disruptions pushed finance and IT to the forefront of business strategy—47% agree that their role grew in strategic importance over the past year, and 57% say that they will play an even greater role in setting company strategy going forward.

![Fig. 1: Finance and IT are growing in strategic importance](image-url)
That increased strategic role comes at a moment of intense upheaval, uncertainty, and re-evaluation: nearly half of decision-makers say the pandemic’s effects highlighted inefficient business processes. All these factors could make or break many organizations, yet immediate priorities are clear. Both finance and IT leaders are focused on revenue growth, improving the customer experience, and reducing costs. But finance leaders are more likely to rank revenue growth as a priority (49%), while IT decision-makers have increasing profit margins in focus (35%).

**Fig. 2: Revenue growth and improving the customer experience are priorities**

**Q: What are your organization’s strategic priorities over the next two years?**

(n=500)

- Overall revenue growth: 39%
- Improving customer experience: 37%
- Reducing costs/increasing profit margins: 34%
- Increasing operational agility: 33%
- Increasing market share: 32%
- Increasing operational efficiency and productivity: 31%
- Increasing collaboration across the organization: 27%
- Product and service innovation/expansion: 27%
- Recovering the business from the pandemic: 24%
- Improving the employee experience/increasing employee engagement and retention: 24%
- Meeting corporate social responsibility targets: 19%
- Adding a new business/organization location(s): 16%
Respondents to our survey need to foster a strong company culture—one where goals, strategies, and changes are clearly communicated, and where employee needs are met and nurtured—especially in times of heightened uncertainty. Technology infrastructure is also critically important for these organizations, especially as they adapt to flexible ways of working, increase their process digitization and automation, and seek to improve efficiencies revealed by the pandemic’s effects.

But finance and IT leaders may not be collaborating enough with each other to meet these challenges. Less than half of finance and IT decision-makers agree that the other was a key strategic partner during the pandemic. Slightly more than a third of finance leaders say they have a unified strategy with IT to support business expansion.

These technology and cultural challenges are further impaired by a pervading sense of uncertainty, as the pandemic enters a new phase and companies try to plot a path forward. Over the past year, most changed the way their businesses operate—and many are taking a “wait and see” approach to decide whether these changes will be permanent. Despite the unpredictability of the moment, these issues could stall initiatives and increase inertia, compounding existing challenges.

Obstacles to strategic goals

Finance and IT decision-makers are grappling with two immense challenges: a lack of collaborative culture and inadequate technology infrastructure (Fig. 3).

Fig. 3: Cultural and technology challenges loom

Q: Going forward, what will be the top challenges to meeting your organization’s strategic goals? (n=500)

- Lack of collaborative culture: 40%
- Lack of technology infrastructure: 39%
- Lack of data analysis tools and technologies: 34%
- Rapidly changing marketplace/difficulty planning for the future: 32%
- Lack of adequate data: 31%
- Lack of budget or access to capital: 30%
- Leadership focus unaligned with organizational goals: 29%
- Disruption of critical business processes and workflows due to the pandemic: 28%
- Cybersecurity concerns: 20%
- Talent shortages due to pandemic: 20%
- My organization has not transitioned to remote business operations: 17%
- Lack of visibility into company spending and cash flow: 12%
Fig. 4: The future of pandemic-induced changes is cloudy

Q: Which of the following operational changes have you experienced as a result of the pandemic? Will those changes be permanent?
(n=500)

Fig. 4 shows the substantial changes made to everyday operations—and the lingering uncertainty about their durability. For instance, more than three-quarters used technology in hopes of getting better financial reporting, but 40% of those who made the change are unsure if it will be permanent and 17% plan to revert in two years. Another shift that may not stick: just over half let their employees work remotely since the pandemic, but half are assessing whether the change will be permanent or plan to revert in the next two years—and just 1% say the change will be permanent. Plans to revert changes are not set in stone: as the pandemic enters a new phase, predicting business operations even six months from now may be a risky proposition.

What drives this ambiguity? Not every issue is related to the pandemic. When asked about the biggest challenges to digital transformation at their organizations, leaders cited difficulty digitizing operations (42%), followed by managing day-to-day tasks (30%) and managing compliance requirements (29%).

This means much of the confusion around future changes comes from difficulties faced with any technology adoption—it is hard to excel right off the bat, and leaders cannot afford to take large parts of their business offline even for much-needed upgrades. Going forward, finance and IT decision-makers need to flex their strategic muscles to lead through this era of unpredictability.
Harnessing technology to optimize performance

Digital transformation is more than a catchphrase for our respondents—it is a very real evolution. Yet they report slow progress in digitizing their processes and automating manual tasks.

More than half of the leaders in our survey say the pace of change is increasing, but fewer say they have the right systems in place to adapt quickly to changing business needs. The pandemic did not make any of this easier—compliance with expense policies (57%); financial planning and analysis (FP&A) (57%); aligning growth strategy with stakeholders (56%); and maintaining visibility into spending (40%) have all become very or extremely challenging.

Digitizing processes could increase the effectiveness of these tasks by giving leaders more visibility into spending across the organization, creating a “single source of truth” and increasing efficiency. But few have done so (Fig. 5).

Fig. 5: Slow progress when it comes to digitizing finance tasks

Q: How would you describe your progress in digitizing the following functional tasks?

<table>
<thead>
<tr>
<th>Functional Task</th>
<th>Completely digitized</th>
<th>Minimal progress toward digitization</th>
<th>Substantial progress toward digitization</th>
<th>Not begun or are just beginning digitization</th>
<th>We have no plans to digitize this task</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense management</td>
<td>7%</td>
<td>3%</td>
<td>57%</td>
<td>30%</td>
<td>3%</td>
</tr>
<tr>
<td>Invoice management</td>
<td>5%</td>
<td>32%</td>
<td>27%</td>
<td>33%</td>
<td>3%</td>
</tr>
<tr>
<td>Cash flow management</td>
<td>9%</td>
<td>62%</td>
<td>26%</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

(n=500)
Those who have accomplished these tasks report multiple benefits. Digitizing invoice management led to increased agility and resiliency for 43%; digitization of expense management resulted in increased productivity for 42%; and digitization of cash flow management facilitated increased functional collaboration for 35%. All these benefits complement existing goals of increasing agility and efficiency, in addition to strengthening collaboration.

It is worth noting that it is still early days for this digitization—and its benefits. As leaders codify the changes wrought by the pandemic and continue to transform their processes, more benefits will emerge; the results so far strongly suggest positive outcomes are on the horizon.

Fig. 6: Benefits of digitization

Q: What are the top benefits you have seen as a result of digitizing the following task(s)?

- Cash flow management n = 52
- Expense management n = 53
- Invoice management n = 187

- Increased organizational agility & resiliency
- Increased visibility into company spending
- Increased functional collaboration
- Increased process efficiency
- Increased productivity
- Better cash flow management
- Reduced costs
- Increased employee engagement
- Improved financial forecasting

![Bar chart showing the top benefits of digitization](image)
Global recommendations

Even as the world strives toward a sense of normalcy, there is no going back to the way things were. Finance and IT decision-makers will increasingly be in the driver’s seat in future-proofing their organizations, but they still must keep the organization running every day.

To accomplish these important goals—and to navigate the next set of challenges—we recommend the following for all decision-makers:

- **Think long term with your agility strategy.** Digitization is not just a quick fix, and leaders should resist going back to old ways of working. Instead, they should use recent disruptions as a catalyst to redefine strategy and reorganize operations to achieve long-term success:
  - Organizations just getting started should look for proven solutions that can scale with their organization as their business needs change.
  - Organizations already in the process of digitization should look for further digitization and automation opportunities in order to build on their successes, increase overall productivity, and meet strategic objectives.

- **Build on lessons learned.** The pandemic revealed process inefficiencies and highlighted the need for businesses to be flexible and agile. Going forward, leaders need to take what they learned from the pandemic and strike the right balance between tried-and-true solutions and those that can adapt to what is still a very uncertain business environment.

- **Improve finance and IT collaboration.** As the two functions assume a more strategic role, the finance and IT functions must work effectively together to meet their organizational and functional goals. They can do this by communicating their organizational and functional goals clearly, and working together to ensure technology is in place to meet those goals. Better collaboration will drive better financial management, create efficiencies, increase productivity, and ultimately help grow the company.

- **Use technology to keep up with the pace of change.** The business world has quickly adapted to recent events—cloud, mobile, and AI technologies are increasingly the foundation of a solid technology infrastructure. Manual or semi-automated processes could be detrimental in an increasingly digitized present and could be an obstacle to meeting strategic goals.

Read on for results from our analysis of finance and IT leaders from the US.
Leadership in a new era: US results

Nearly one-quarter of small businesses in the US shut down at least temporarily at the pandemic’s peak in 2020, a number that has remained stubbornly high through the first half of 2021. The pandemic also brought fundamental changes to the way companies operate—from how their employees work and interact with customers to the tools, technologies, and processes that keep the lights on.

To find out how leaders are adapting to these challenges and strategizing for the future, Oxford Economics and the SAP Concur business unit of SAP surveyed 500 finance and IT leaders at companies with fewer than 1,000 employees—including 75 respondents in the United States.

We found that the US is facing a unique set of challenges and opportunities at the dawn of this new era. Some key takeaways from our research:

- **The pandemic significantly changed the way companies operate.** Nearly three-quarters of respondents (73%)—more than any other country—underwent operational changes. Amid this rapid transformation, finance and IT decision-makers are emerging as leaders in creating company strategy.

- **Technology was a lifeline.** Companies in the US are more likely than others to have digitized finance tasks or used technology to get better financial data. But many are unsure if these changes will be permanent.

- **Company culture is an obstacle to needed change.** US respondents struggle to implement changes to company culture (43%), lack of employee engagement (41%), and a lack of organizational agility (41%).

- **The finance function’s job got harder.** Leaders in the US face increased difficulty managing executive and employee travel booking, compliance, and ensuring traveler safety.

US decision-makers face major operational shifts

Decision-makers in the US are more likely than those in any other country surveyed to say the pandemic significantly changed the way their businesses operate (73%, vs. 54% total). As organizations deal with hybrid or remote workplaces, shifting customer demands and interactions, and business model changes, finance and IT leaders are playing an increasingly important role in setting company strategy. Six in 10 leaders in the US agree that finance and IT will play an even greater role in setting company strategy going forward, and 39% say their role has already grown in strategic importance. For some, the pandemic’s effects revealed inefficiencies in the way their companies do business (37%), which could affect company strategy going forward.

Fig. 7: Most agree their roles are gaining in strategic importance

Q: To what extent do you agree with the following statements?

- The pandemic significantly changed the way our business operates: 73%
- In the future my role will play an even greater part in setting overall company strategy: 60%
- The IT and finance functions at my organization collaborate effectively: 57%
- The pace of digital transformation at my organization is speeding up: 53%
- The pandemic had an overall negative impact on our business’s operation and revenue: 43%
- My role has grown in importance over the past year when it comes to setting overall company strategy: 39%
- The pandemic’s effects highlighted inefficient business processes: 37%
- The pandemic’s effects led to greater decision-making freedom by lines of business: 29%
These leaders must ensure that their businesses have the right capabilities in place to thrive today and in the future. To do that, they are focused on overall organizational goals of improving the employee experience (57%, vs. 24% total), and 43% are recovering the business from the pandemic—higher than any other country surveyed.

Finance and IT decision-makers also have priorities for their own functions. Increasing sustainability is their primary goal (44%), unique among the countries in our survey. Also on the agenda: digitizing processes (39%) and increasing collaboration (36%).
Cultural challenges threaten functional goals

Leaders in the US face challenges on many fronts as they work toward their functional goals. Difficulty implementing changes to company culture (43%); a lack of organizational agility (41%); and a lack of employee engagement (41%) all occupy the top tier (Fig. 9).

Fig. 9: Cultural challenges loom in the US

Q: Going forward, what will be the top challenges to meeting your function’s strategic goals?

- Difficulty implementing changes to company culture: 43%
- Lack of organizational agility: 41%
- Lack of employee engagement: 41%
- Lack of visibility into spending: 33%
- Difficulty digitizing manual operations: 31%
- Unclear policies related to remote work expenses: 31%
- Difficulty managing day-to-day tasks while focusing on strategy: 29%
- Difficulty managing a remote workforce: 29%
Finance and IT leaders are feeling the effects of these cultural obstacles. Just 40% of finance decision-makers say their collaboration with IT is effective; 32% of IT decision-makers say the same about finance. Both functions will need to work better together to not only meet strategic goals but also to keep the business running smoothly.

It is a confusing moment in many ways—and the pandemic is not yet in the rearview mirror. Changes that worked during the worst of the pandemic may not be as effective as it wanes, and the fluid situation means that countries could face future lockdowns or restrictions on businesses. As Fig. 10 shows, more than three-quarters of companies in the US used new or existing technology to get better financial reporting—but nearly half are unsure if these changes will last. What are the reasons behind this uncertainty?

The uneven pace of the pandemic recovery across the US likely plays a role. But more company-specific issues may be the bigger story: nearly half cited difficulty aligning pandemic-driven changes with strategy (vs. 24% total) as a major obstacle. Finance and IT leaders will need to work together to determine which changes aid in their strategic and functional goals—and which do not.

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**Fig. 10: The future of pandemic-induced changes in the US is cloudy**

**Q: Which of the following operational changes have you experienced as a result of the pandemic?**

**Will those changes be permanent?**

<table>
<thead>
<tr>
<th>Change</th>
<th>Did not make</th>
<th>Before pandemic</th>
<th>Reverted</th>
<th>Assessing</th>
<th>Permanent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used new or existing technology to get better financial reporting/data insights</td>
<td>7%</td>
<td>12%</td>
<td>15%</td>
<td>48%</td>
<td>19%</td>
</tr>
<tr>
<td>Digitized how we manage company spending</td>
<td>4%</td>
<td>11%</td>
<td>12%</td>
<td>27%</td>
<td>33%</td>
</tr>
<tr>
<td>Used new or existing technology to better run our business remotely</td>
<td>5%</td>
<td>20%</td>
<td>47%</td>
<td>24%</td>
<td>4%</td>
</tr>
<tr>
<td>Expanded our network of business partners/suppliers</td>
<td>5%</td>
<td>17%</td>
<td>17%</td>
<td>23%</td>
<td>35%</td>
</tr>
<tr>
<td>Letting employees work remotely</td>
<td>4%</td>
<td>12%</td>
<td>36%</td>
<td>39%</td>
<td>9%</td>
</tr>
</tbody>
</table>
The tech connection

Technology solved a lot of problems for leaders in the US during the pandemic, but technological change is not easy. While automation and digitization of manual tasks is a top functional goal, difficulty following through with that is a top obstacle to digital transformation. And more than half of US leaders say the pace of this transformation is increasing.

Fig. 11: US decision-makers could boost finance effectiveness

Q: How effective is your organization at the following?
*“Somewhat” and “extremely effective” responses combined

- Data-sharing inside and outside the organization: 77%
- Managing cash flow: 53%
- Finance administrative issues: 51%
- Maintaining financial visibility and data to inform decision-making, budgeting, forecasting, etc.: 47%
- Long-term strategic planning: 47%
- Implementing strategic changes across our business network: 37%
- Maintaining customer satisfaction: 36%
- Processing, approving and reimbursing travel and expense reports: 33%
- Creating a positive employee experience: 33%
- Capturing, processing and paying vendor/supplier invoices: 32%
- Managing our wider business ecosystem: 28%

Digitization is clearly a key to operational efficiency. As Fig. 11 shows, decision-makers in the US could improve their effectiveness in many tasks ranging from the strategic to the day-to-day. Just over half say they are effective at finance administrative issues, while 47% say they effectively plan long-term strategy. Just one-third say they effectively create a positive employee experience—perhaps explaining why this is a key organizational goal.
Many US companies lack the right technology infrastructure to support these bold initiatives—only 39% say they have the right systems in place to adapt quickly to changing business needs (vs. 49% total). That lack of agility shows: nearly three-quarters (72%) report that managing executive and employee travel booking has gotten more challenging since the pandemic. Managing cybersecurity (67%); compliance with local tax and employment regulations (63%); and cash flow or spending management (57%) have also increased in difficulty. So far, few have substantially digitized finance tasks (Fig. 12).

The benefits of transformation are clear in our global survey results. Worldwide, 43% of those who have digitized invoice management saw increased agility and resiliency; 42% of respondents who digitized expense management reported increased productivity; and digitization of cash flow management facilitated increased functional collaboration for 35%. All these benefits complement existing functional and organizational goals, in addition to strengthening collaboration.

Technology adoption is hard under the best of circumstances. But the most effective finance and IT decision-makers will continue the process of digitization and automation across the businesses they serve.

**Fig. 12: Few US finance leaders have digitized finance tasks**

<table>
<thead>
<tr>
<th>Q: How would you describe your progress in digitizing the following functional tasks?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense management</td>
</tr>
<tr>
<td>Invoice management</td>
</tr>
<tr>
<td>Cash flow management</td>
</tr>
</tbody>
</table>

- Completely digitized
- Substantial progress toward digitization
- Minimal progress toward digitization
- Not begun or just beginning digitization
- We have no plans to digitize this task

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Recommendations for US leaders

As finance and IT leaders in the US take on a more strategic role, they will need to deal with cultural and technology challenges to meet their organizational and functional goals of improving the employee experience, increasing sustainability, and automating tasks. While the recommendations from the global paper apply to finance and IT leaders in the US, these decision-makers need to pay special attention to cultural challenges at their organizations, while also building an agile technology infrastructure.

To accomplish their goals—and to navigate the next crisis and coming changes—we recommend the following calls to action for all leaders in the US:

- **Build a culture of collaboration.** Leaders in the US are more likely than the total to say difficulty implementing changes to company culture (43% vs. 38%) and a lack of organizational agility (41% vs. 34%) are obstacles to meeting functional goals. To overcome that, the finance and IT functions will need to work better together. Leaders must communicate their goals clearly, working together to ensure the right technology and processes are in place. More effective collaboration will begin to break down many of the barriers exacerbated by the pandemic’s disruptions, ultimately paving the way for company growth.

- **Codify pandemic-induced changes that work.** The pandemic is not over yet; and leaders are unsure about the future of the process changes they made over the past year. But waiting to see is not a viable strategy—finance and IT leaders must flex their strategic muscles to determine which changes are helping meet their goals, and work quickly to make those permanent.

- **Use technology to evolve the business.** Only 39% of decision-makers in the US say they have the right systems in place to adapt to changing business needs (vs. 49% total). As they continue to digitize and automate processes, these leaders must realize that digitization is not just a quick fix; it should be a catalyst to redefine strategy and reorganize operations to achieve long-term success. Those just getting started should look for market-proven solutions that can scale with their organization as its requirements change. Those already in the process of digitization should continue to look for additional opportunities to automate and digitize in order to build on their successes and meet strategic objectives.
About SAP Concur

SAP® Concur® is the world’s leading brand for integrated travel, expense, and invoice management solutions, driven by a relentless pursuit to simplify and automate these everyday processes. The highly-rated SAP Concur mobile app guides employees through business trips, charges are directly populated into expense reports, and invoice approvals are automated. By integrating near real-time data and using AI to analyze transactions, businesses can see what they’re spending and avoid possible blind spots in the budget. SAP Concur solutions help eliminate yesterday’s tedious tasks, make today’s work easier, and support businesses to run at their best. Learn more at concur.com or the SAP Concur blog (concur.com/newsroom).