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2024 CFO Study: Reaping the Rewards of Generative AI

An article in the latest issue of *Fei Canada's F.A.R.*, contributed by IBM, says that CFOs who understand the transformative power of generative AI are poised to reap the most benefits of the new technologies. Recently, the IBM Institute for Business Value (IBM IBV) surveyed 2,000 CFOs to understand the crucial role CFOs play in developing and executing strategy – and driving competitive advantage – in the new era of AI.

The survey found that, “although CFOs agree that the rewards of implementing AI can be immense and provide operational benefits across the finance function, the opportunity remains largely untapped. For example, only half of CFOs say that finance connects technology investments to quantifiable enterprise business outcomes.”

With 72% of top CEOs saying competitive advantage depends on who has the most advanced generative AI, what are the important technology-related decisions CFOs must make to impact transformation, talent, innovation, and more?

The then article suggests six power moves for CFOs that include strengthening tech partnerships to embracing generative AI:

1. Champion tech as core to your strategy. With technology becoming core to the enterprise, CEOs recognize that collaboration between finance and tech is crucial to success. The survey says “it is up to CFOs to make sure that the CTO/CIO's expertise is front and centre in the boardroom, providing invaluable context and knowledge to drive the investment decisions that fuel continued strategic growth.”

2. Execute strategy with agility for maximum impact. CFOs have shifted from evaluating strategy performance using siloed views of financial and operational metrics toward a broader outlook that's more suitable to their role as cross-organizational leaders. The study shows that 36% more leading CFOs can respond with agility to changes in strategy than their peers.

3. Prioritize return on investment. Sacrificing long-term maintainability for short-term functionality can increase technical debt, the survey warns. “Opportunities in tech, sustainability, and emerging markets demand a departure from traditional investment strategies. Leading CFOs play the long game, striking the right balance between efficiency and innovation.”

4. Determine your risk tolerance. The research found that today's CEOs are willing to take bold risks to fully embrace generative AI, with 62% increasing risk-taking to maintain their edge. “CFOs need to use their influence to make strategic data-based decisions that align the organization's risk appetite with its financial well-being.” According to the study, 67% more leading CFOs continually scan for possible threats and opportunities than their peers.

5. View data as the lifeblood of AI. To unlock its full potential, AI depends on clean, timely and secure data. “CFOs must create a strong foundation of simplified data access, integration and evaluation. This requires advanced data management practices and modern financial systems. Currently, AI's potential in finance is largely untapped, with only 11% of finance operations optimizing generative AI. Leading CFOs set a winning pace by using data management practices for product/service master data 77% more than their peers.”

6. Ignite your talent revolution. According to the survey, 64% of CEOs say that succeeding with AI will depend more on people's adoption than the technology itself. "Skills that encompass technology and domain knowledge are the key ingredient to unlocking the value of AI. To put technology at the core of business, CFOs must evolve finance skills and mindsets, empowering teams to contribute strategically to the broader organization."

The IBV findings clearly demonstrate that generative AI is mostly an untapped opportunity in finance. By understanding – and mastering – uncertainty and risk, CFOs can bring hidden opportunities to life.

The research concludes that, "to position themselves as leaders of a new era in finance, CFOs must understand how today's technological innovation drives tomorrow's business success. They must focus on creating a clear strategy, executing with agility, investing in the right skills and capabilities and building a strong technology and data foundation. When CFOs shift from a cautious mindset to a more proactive approach, they can transform strategy into measurable results.

Learn more at [Newsletters | FEI Canada](#) or get the IBV 2024 CFO Study at [6 power moves CFOs must make: Tackling hard truths in the generative AI era.](#)