Financial planning and analysis is on the cusp of exponential transformation with the advent of AI and GenAI and will disrupt the way finance operates moving forward.

The Next Frontier in FP&A — Transformative Insights for a Future-Ready Function

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The Journey to Value-Focused Finance

The finance function has experienced rapid change over the last few years, and it is not solely because of the impact of automation and digital technologies but a more holistic shift from cost-focused finance to value-focused finance.

Core back-office finance functions (accounts payable, accounts receivable, invoicing) have become easily automated with the advent of robotic process automation (RPA) and intelligent automation. As many of these processes can now run with little human intervention, it has allowed CFOs and finance practitioners to place a stronger emphasis on financial planning and analysis (FP&A) and other strategic areas of finance. When the COVID-19 pandemic hit, this intensified the importance of FP&A. FP&A practitioners scrambled during the pandemic and how to best equip the business with more data and more flexible models. Global organizations struggled to understand the impact on cash flow and realized their predictive and "what if" views of revenue, cash flow, and sales forecasts were subpar. This is when a light went off and the need for an integrated view of historical and forward-looking data, improved forecasting speed, and real-time, more accurate reporting became imperative.

For CFOs, the shift to value-focused finance means taking into account a broad range of stakeholder interests and other key factors. CFOs are reevaluating how traditional finance and accounting work is executed and adapting to new operational and business models. More importantly, they are striving to become effective business partners within their organization. A significant way to achieve this has been with data and digitization to better support effective decision-making and reporting, and by embracing integrated solutions that combine big data, ML, and cognitive computing. CFOs and FP&A practitioners are also placing significant importance on the long-term financial impacts of environmental and social issues and spearheading the integration of sustainability and environmental, social, and governance (ESG) factors into their financial planning processes. According to 2024 IDC data, 47% of global decision makers of finance business process services have at least partially integrated ESG factors into financial planning and reporting. However, a key challenge they face is aligning sustainability goals with financial objectives.

AT A GLANCE

WHAT'S IMPORTANT

The transformation of the financial planning and analysis (FP&A) process requires a service provider that does not just look at the activity of FP&A but holistically looks at data transformation, platform optimization and AI-enablement, and the full stack of ERAP services to address the full value chain.

Broader challenges with executing FP&A activities are vast but primarily center around data availability and quality, and time to execute. Global organizations find standard financial reporting is not timely enough to review results and provide forward-looking views. Data quality is also poor and data preparation is still manual and time consuming. IDC research suggests 27% of global decision-makers of finance business process services say time spent on data preparation is excessive, taking away from data analysis, while an additional 23% say excel based, manual activities are inefficient. In addition, forecast accuracy can suffer from inherent unpredictability of external factors (market conditions, customer behavior, macroeconomic indicators), inadequate forecasting techniques or limited collaboration with other internal teams, which could lead to an incomplete view of a business environment or product/services markets that the company operates in.

Global organizations are just starting to explore FP&A function's end-to-end transformation. Although there is an increased trend toward more agile FP&A, including dynamic and integrated reporting/forecasting and qualitative planning, IDC data shows buyers are still primarily looking for support from service providers for more standard activities, such as performance reporting and analysis and management reporting, as shown in Figure 1.

FIGURE 1: *Required FP&A Support from Business Process Service Providers*

Q. Which of the following FP&A activities are/would be the most critical for your third-party service provider to support your organization with?
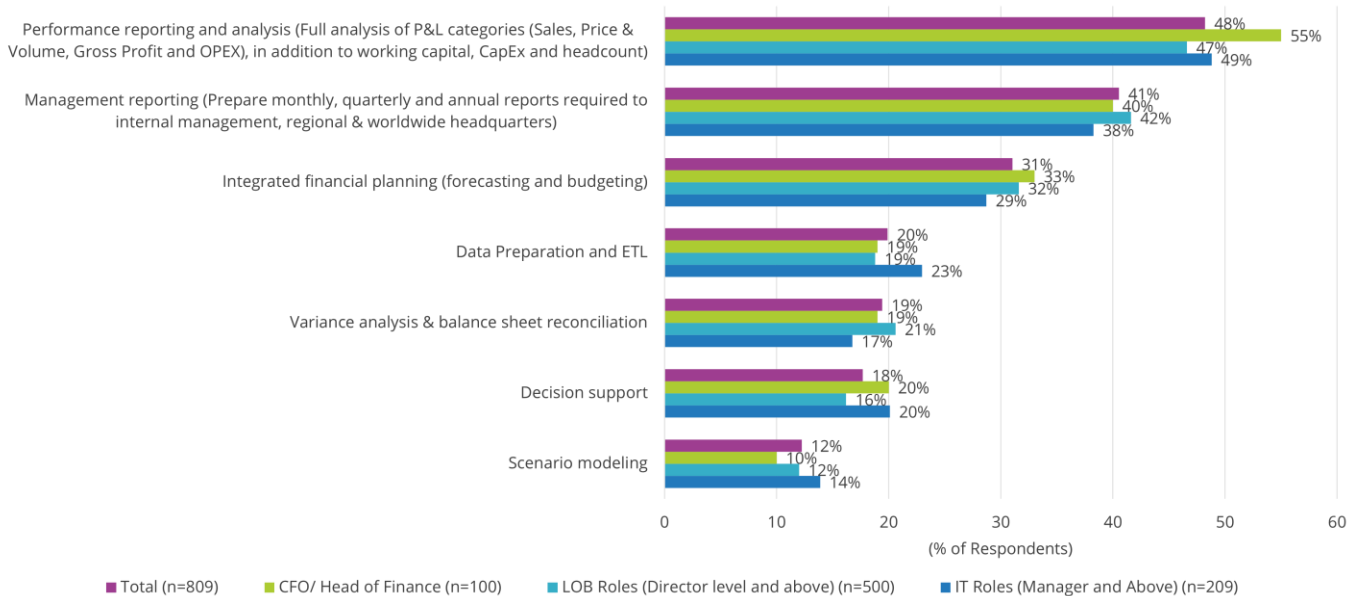
Source: *IDC Worldwide Finance and Accounting Business Process Services Survey*, May 2024

FP&A Benefits

FP&A has not traditionally been a finance function that is widely outsourced compared with activities, such as procure to pay or order to cash. According to IDC data, only 15% of global organizations will begin outsourcing or will consider outsourcing FP&A in the next 12—36 months. Organizations fear a loss of control, especially when dealing with key financial data, or have hesitations with the transition to an outsourced model given structural complexities, span of geographies, siloed operations, or fragmented IT systems. Yet, broadly speaking, outsourcing FP&A and broader FP&A

transformation provides organizations with an opportunity for greater standardization and automation of budgeting and planning processes, consolidation of disparate systems (i.e., multiple enterprise resource plannings [ERPs] that may exist across regions), the ability to scale resources up or down as per requirements and provides access to specialized expertise and technology.

Data from *IDC's 2024 Worldwide Finance and Accounting Business Process Services Survey* indicates the benefits also go far beyond budgeting, reporting analytics, and understanding basic analytical drivers. 29% of global buyers and decision-makers of finance business process services expect to develop stronger strategic plans with improved analysis of historical financial data by outsourcing FP&A. An additional 22% said they expect to have improved visibility into their company's financial performance to facilitate informed decision-making.

The benefits of FP&A are also intricately linked to its use of new technologies and the integration of AI and ML into processes to enable more predictive forecasts, ad hoc scenarios, and what-if analyses. IDC research indicates 44% of global organizations believe leveraging AI and ML would be most beneficial to their organization for identifying trends, patterns, and anomalies in their financial data. 42% also feel it would be beneficial for making recommendations and predictions on how to improve revenue streams and identify growth opportunities.

## Key FP&A Trends to Reflect on for Your 2024–2025 Strategy

Although FP&A is ripe for transformation, many organizations are just at the tip of the iceberg in transforming the full FP&A value chain including people, data, processes, and technology. The following are the key trends observed in the market that speak to FP&A becoming progressively sophisticated:

- **Collaboration has become key to business planning.** CFOs have made strides to connect their organizations' business functions with data and collaborative analytical functionalities offered by FP&A solutions and platforms. This includes increased use of advanced analytics, predictive modeling, and data visualization capabilities. Financial dashboards should be used as a key management tool to communicate relevant key performance indicators (KPIs) (e.g., profit/loss, cash management, financial performance, CFO scorecard) and 39% of global organizations indicate using presentations, and visual dashboards to do so today. However, only 16% of global organizations today are using more advanced options, such as AI-driven platforms or self-service portals, to communicate financial insights and reports to stakeholders in their organizations.

- **Hyper automation is still the way forward.** We continue to observe how hyper automation reshapes the way organizations manage financial data, forecast scenarios, and transform planning and forecasting capabilities with AI, ML, and now generative AI (GenAI). Today, 40% of global organizations say they use AI and ML for creating plans and forecasts with an additional 24% saying they are considering investing in AI and ML capabilities in the next 1–2 years.

- **Rapid development of GenAI.** Global organizations are undoubtedly excited about the potential of GenAI for finance and other business functions. The expectation is that GenAI will help streamline FP&A, enhance collaboration and reporting, and make recommendations and predictions on how to improve revenue streams and identify growth opportunities (see Figure 2). For now, IDC has observed proofs of concept (POCs) and pilots are mostly centered around summarization, customer or internal communications (GenAI-enabled chatbots), and knowledge management applications.

- **Scenario planning moves up the value chain.** As business or economic uncertainties arise, organizations must be prepared to proactively respond. While organizations are still looking to service providers for support with standard reporting analytics, 34% of global organizations are interested in using GenAI to create scenario-related models to deal with external forces and to support strategic decisions.

- **Connecting data with cloud-based platforms**. The move to cloud is essential in connecting data seamlessly and creating a centralized hub for all data (single version of truth). This improves delivery of real-time data, automated workflows, and unmatched accuracy. Today, 57% of global organizations say only some of their FP&A activities are deployed using a non-ERP software as a service (SaaS)/platform, while 29% say none of their FP&A activities are deployed using a non-ERP SaaS/platform.

- **Integration of ESG factors with planning.** CFOs and FP&A practitioners are pushing to help their organizations incorporate sustainability and ESG metrics into their financial planning processes and account for the long-term financial effects of social and environmental challenges. Just over 20% of global organizations today have fully integrated ESG into their financial planning and reporting today but are still challenged with aligning sustainability goals and financial objectives.

- **Automation of time-consuming processes (data gathering, data cleansing, and aggregation).** As mentioned, a core FP&A challenge for global organizations centers around all facets of their data. 25% of CFOs say their organization is challenged by data quality; however, there is some appetite for transformation as 24% of global organizations believe using AI and ML for data aggregation could greatly improve their FP&A function.

- **FP&A skillset requirements are drastically changing.** Skill requirements now stretch far beyond core accounting and reporting skills. FP&A practitioners need skills that bridge IT and finance in addition to soft skills, such as collaboration, business partnering, and financial storytelling.

FIGURE 2: *Generative AI Use Cases for FP&A*

Q. How do you expect to leverage GenAI for FP&A as part of your outsourced managed business process services?
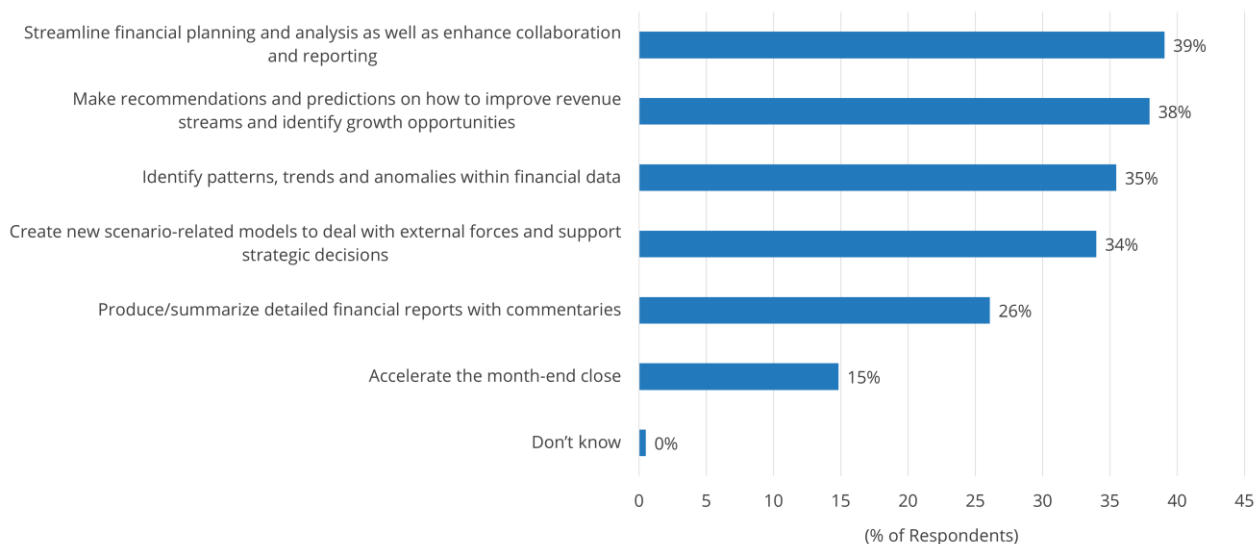
Infosys BPM: An End-to-End FP&A Transformation Partner

Infosys BPM supports global organizations with end-to-end FP&A services to transform the entire value chain of processes, underlying systems, and data. Although Infosys BPM's enterprise clients have varied FP&A maturity levels, its expertise lies in supporting them in more advanced levels of FP&A to drive long-term value creation. This includes helping clients understand the impact of multidimensional analytical drivers on their business and leveraging more predictive analytics and self-service planning tools.

Infosys BPM's core FP&A capabilities are defined by five key areas:

- **Data analytics and governance.** Infosys BPM emphasizes data governance by establishing policies and procedures for data management. This approach ensures consistent and appropriate use of data, enabling FP&A to offer support throughout the enterprise. Infosys BPM aims to enhance data quality and transformation by utilizing the existing technology landscape of clients and employing the Infosys BPM Topaz platform. This platform automates data ingestion and wrangling, facilitates smart data governance, assimilates data from various sources, and conducts exploratory data analysis to improve data quality before tackling downstream FP&A activities.

- **Complex finance and business partnering.** Infosys BPM supports long-range planning (three to five years duration) and both short- and long-term liquidity forecasting, deal profitability modeling, qualitative and quantitative risk assessment, capex budgeting, and feasibility analysis. These services are designed to align with the financial planning and analysis activities necessary to achieve the strategic objectives of their clients' organizations. Additionally, Infosys BPM serves as strategic advisors, delivering financial analysis and insights to business partners. This includes advising on profitable markets or product lines, assessing liquidity positions, understanding macrofactor implications, identifying potential risks and opportunities, conducting competitor analysis, and assisting stakeholders in developing narratives that highlight potential, thereby aiming to transform financial foresight into value creation

- **Enterprise finance analytics (EFA) services and reporting.** Infosys BPM supports global organizations with predictive/prescriptive analytics and scenario modeling, leveraging a team of more than 1,100 finance analytics consultants, data scientists, domain experts, and statistical modelers to compare the accuracy of methodologies and models. To provide a snapshot of the clients that are utilizing Infosys BPM's in-depth capabilities, approximately 35–40% of clients are using budgeting/forecasting and about 45% are doing modeling and advanced analytics.

- **Enterprise finance analytics (EFA) transformation.** Infosys BPM provides support to clients through a range of activities, including enterprise performance management (EPM) implementation/upgrades, micro-forecasting, predictive costing, and detailed scenario modeling to enhance forecast accuracy. The Infosys BPM FP&A team is supported by designated digital and tech support teams to facilitate these transformations. Infosys BPM adopts a vendor-neutral stance towards platforms, aiming to optimize clients' existing systems or utilizing its network of partnerships and third-party tools (e.g., Anaplan, SAP, and Oracle solutions) to develop tailored solutions. Infosys BPM incorporates AI across the FP&A value chain, utilizing its platform, Topaz, which focuses on AI and GenAI technologies to offer cognitive solutions aimed at accelerating value creation. The use of tools, such as AI

powered Smart Insights (APSI), Finance 360 & COA Cockpit, Digital Boardroom, Console Package, Digital Predictive Costing, Strategy Simulator, and FInGEn.AI, their GenAI engine, in FP&A endeavors to enhance client value.

- **Self-service data pivoting.** FP&A leaders traditionally develop insights by engaging with their teams through traditional communication methods such as sharing reports and PowerPoint decks. This means taking unnecessary steps as reports and decks must be customized to obtain the intended results. Infosys BPM helps FP&A leaders consume data through a self-service portal, where for specific personas, intuitive FP&A dashboards are created using visualization tools such as Tableau and Power BI. FP&A leaders can then save valuable time by manipulating the data in this way in order to derive the desired FP&A insights.

Infosys BPM supports investment banks, airlines, manufacturers, music streaming services, CPG, and oil and gas companies across a wide spectrum of activities from lower-end work (monthly reporting, ad-hoc/flash reporting) to more mature, nuanced work, such as price modeling and profitability analysis. Infosys BPM has been able to achieve significant benefits, including consolidation of processes, upfront process standardization and automation, harmonization of reports and templates, and productivity benefits, such as reduction in reporting timelines and effort from finance.

Infosys BPM addresses the full value stream with resourcing being just one of the key components. Infosys BPM strategies in addressing resourcing include:

- Starting with automation and intelligence (not resourcing) to eliminate and reduce people dependence
- Executing work close to the client (nearshore) with edge-based location strategies for business context
- Enabling teams of multifaceted, skilled resources including financial analysts, visualizers, and data scientists
- Sourcing senior profiles for industry expertise

Challenges

Although Infosys BPM has the expertise, technology, and process knowledge to compete in the FP&A services market, the overall F&A market is crowded and mature, and Infosys BPM could see increased FP&A competition from traditional BPO/IT providers in addition to the big four consulting firms that tend to focus more strategic finance managed services. However, Infosys BPM has seen an increasing appetite from customers and prospective customers for full FP&A transformation, which includes outsourcing. The key for Infosys BPM will be clearly articulating its value proposition of FP&A process, design and implementation, financial modeling and analysis for strategic planning and FP&A, and corporate finance staff augmentation.

Conclusion

Interest in FP&A transformation will continue to grow as global organizations are continually challenged by managing and integrating data from various sources and synchronizing it regularly to break silos and create a single centralized data model. Further, global organizations will require support in revising their planning processes to ensure more agile, data-driven decisions. To manage value, FP&A must go beyond the finance function and promote modern integrated planning to support organizations in times of disruption.

About the Analyst

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Raymond Pucci is Research Director for IDC's Intelligent Finance and Customer Care Business Process Services (BPS) program. Raymond's research focuses on providing valuable insight at the worldwide level into the dynamics of business process services markets (also referred to as business process outsourcing services) and the competitive landscape serving these markets. These markets include coverage of customer care, finance and accounting, procurement, and logistics business functions. In developing research for this program, this practice also provides analysis on how technology solutions and capabilities such as AI, ML, cloud and analytics impact use, and adoption of these business process services. Additionally, this program develops research that examines buyer adoption patterns in utilizing these services and in what areas vendors need to invest to help enterprises achieve critical objectives, such as process improvement, workforce digitization, cost effectiveness, revenue optimization, and higher profitability.

MESSAGE FROM THE SPONSOR

At Infosys BPM, we are committed to empowering clients to navigate the complexities of FP&A with deep domain expertise, AI, and next-generation technologies. This paper reflects our dedication to providing transformative insights on key trends, such as advanced planning, automation, and strategic business partnering. These trends are reshaping FP&A, enabling organizations to enhance decision-making, improve efficiency, and drive sustainable growth.

As you reflect on the strategies discussed here, we urge you to consider how these trends can be integrated into your FP&A practices. In today's dynamic financial environment, staying ahead requires proactive adaptation, and we hope this paper serves as a valuable resource on that journey.

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