



# **The Future of Finance:** AI, Analytics and the Path to a Strategic Function

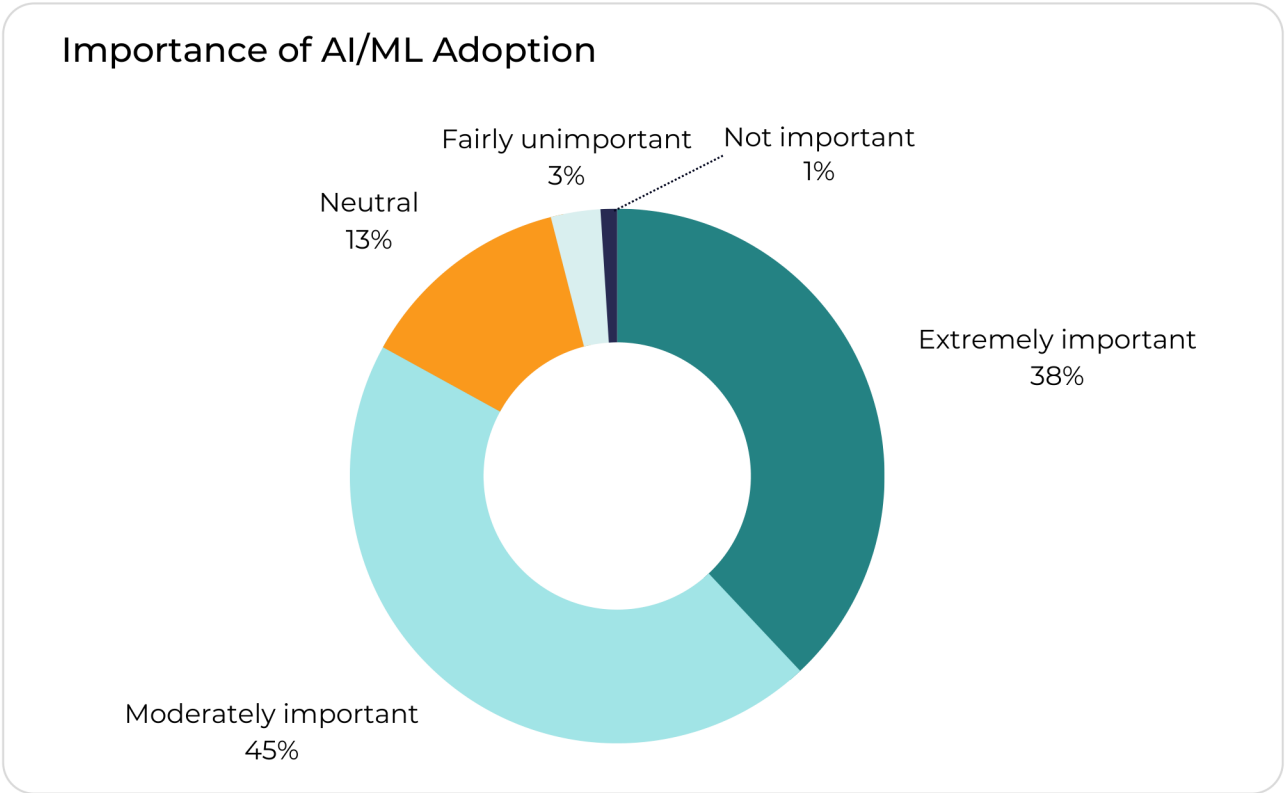


This survey aimed to provide data-backed insights into finance’s readiness to embrace AI, the skill gaps finance teams need to address to stay competitive, and obstacles leaders face on the path to becoming more strategic partners.

Paro’s inaugural 2023 Future of Finance survey polled 250 C-suite and senior-level leaders to uncover key insights into how finance teams are evolving in today’s rapidly changing business landscape. With emerging technologies like artificial intelligence (AI) and machine learning (ML) transforming the workplace, finance leaders face new opportunities and challenges that will redefine their roles.

This survey aimed to provide data-backed insights into finance’s readiness to embrace AI, the skill gaps finance teams need to address to stay competitive and obstacles leaders face on the path to becoming more strategic partners. The results provide a snapshot into the current state of finance – both strengths that can be leveraged and gaps that need to be closed.

Finance leaders clearly have a growing appetite to adopt advanced technologies to drive efficiency and provide more impactful insights. However, data challenges, communication barriers and cultural hurdles are still vital issues to be resolved before finance teams can maximize the value they deliver as a strategic business partner.

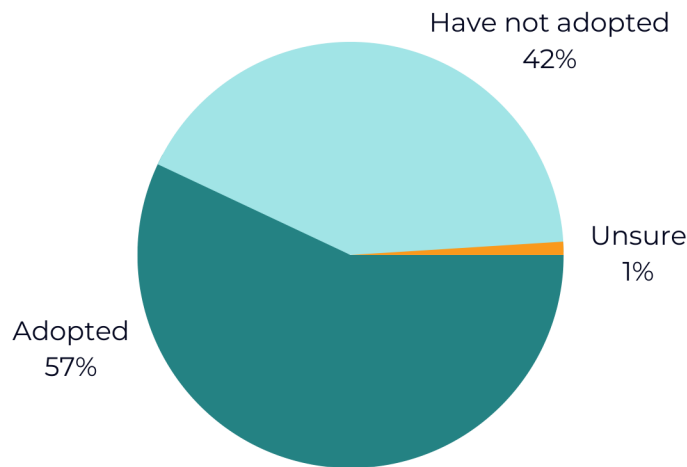


## AI Adoption is Crucial, but Significant Growth Potential Remains

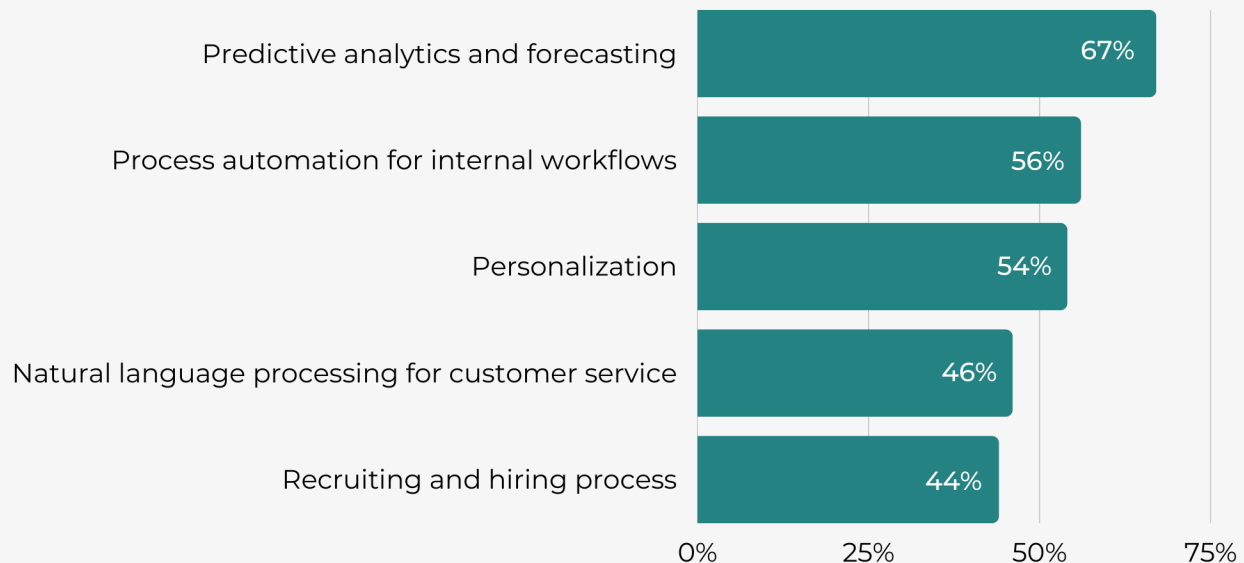
83% of finance leaders say adopting AI is important, but 42% have yet to implement it. Of those who have already adopted AI, usage spans predictive analytics and forecasting (67%), process automation (56%) and customer personalization (54%).

Natural language processing (NLP) for customer service is the most common way smaller businesses – those making less than \$10M in annual revenue – have adopted AI (60%). As AI capabilities evolve, laggard firms risk falling behind those that are early adopters.

### State of Business Adoption of AI/ML



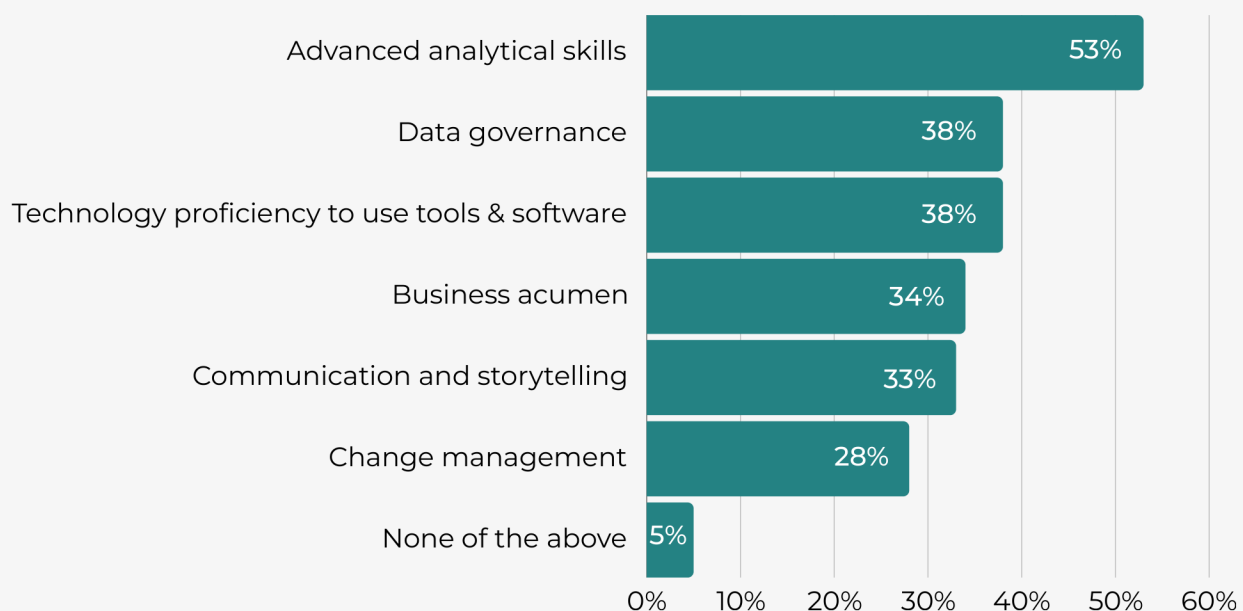
### Ways Businesses Have Adopted AI/ML



## Advanced Analytics Skills are in Short Supply

Despite the emphatic desire to adopt AI, over half of respondents (53%) say their finance team lacks advanced analytical skills—a capability critical for leveraging AI. C-suite executives especially noted this gap, with 59% citing the need for enhanced analytics capabilities. Developing analytics talent will enable the shift from backwards-looking reporting to forward-looking insights.

### Skills Most Lacking in Current Finance Team



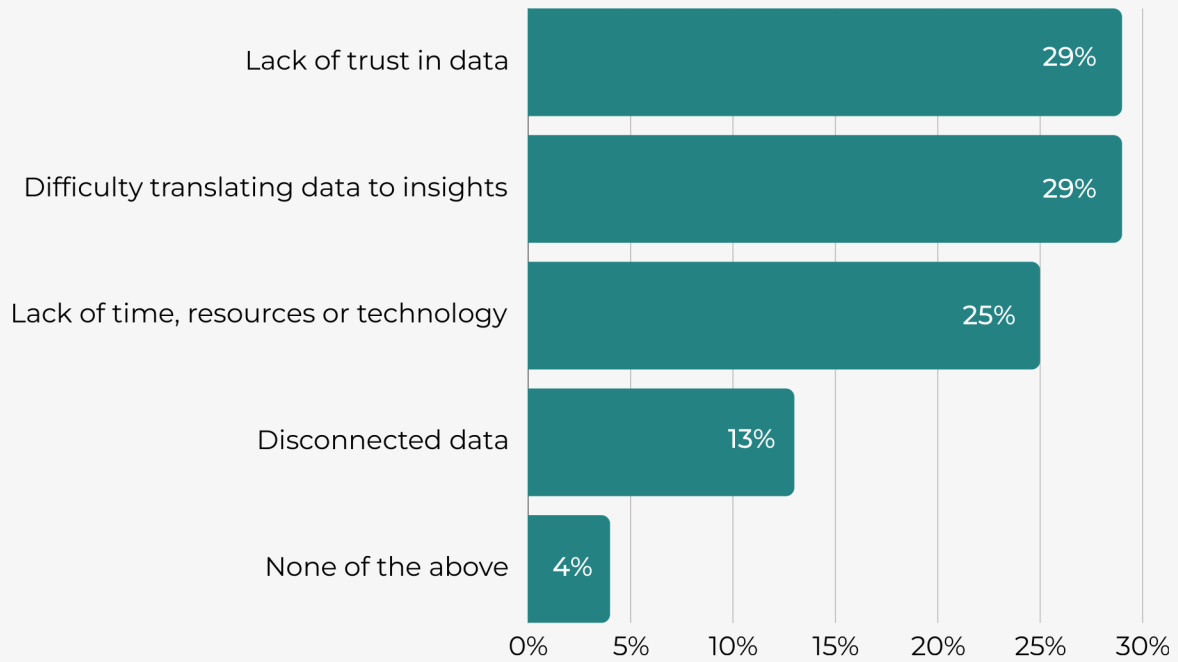
## Data Challenges are Undermining Analytics Maturity

Nearly a third of executives (29%) cite lack of trust in data and difficulty translating data into insights as top barriers to effective analytics. To mature capabilities, finance leaders must prioritize data governance, quality and literacy across the organization. Those skeptical of AI see time, resource and technology constraints as their top data challenge (37%), signaling a likely educational hurdle on the road to AI adoption.

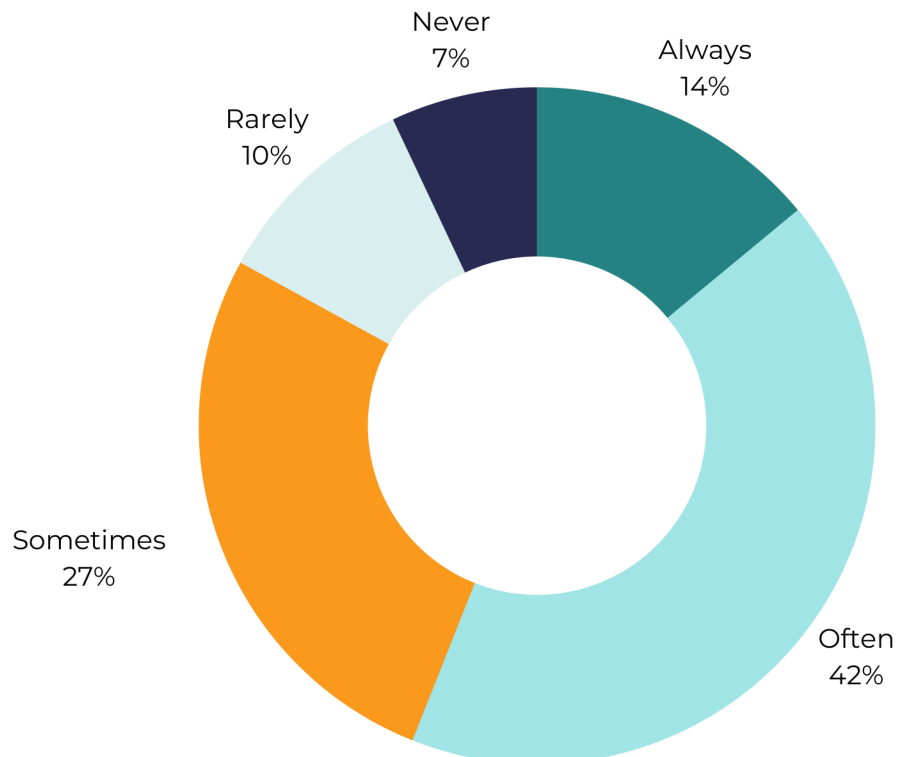
## AI-Driven Planning is on the Rise

Despite data challenges and analytics skill gaps, the majority of finance teams are already using AI/ML-driven data to inform long-term planning, with 56% stating that they always or often use it. Only 7% state that they never use it for that purpose. This indicates recognition of data's strategic value, though adoption maturity varies. Interestingly, most non-adopters also say they're incorporating AI/ML data in planning, suggesting informal AI experimentation.

## Biggest Challenge in Using Data for Analytics

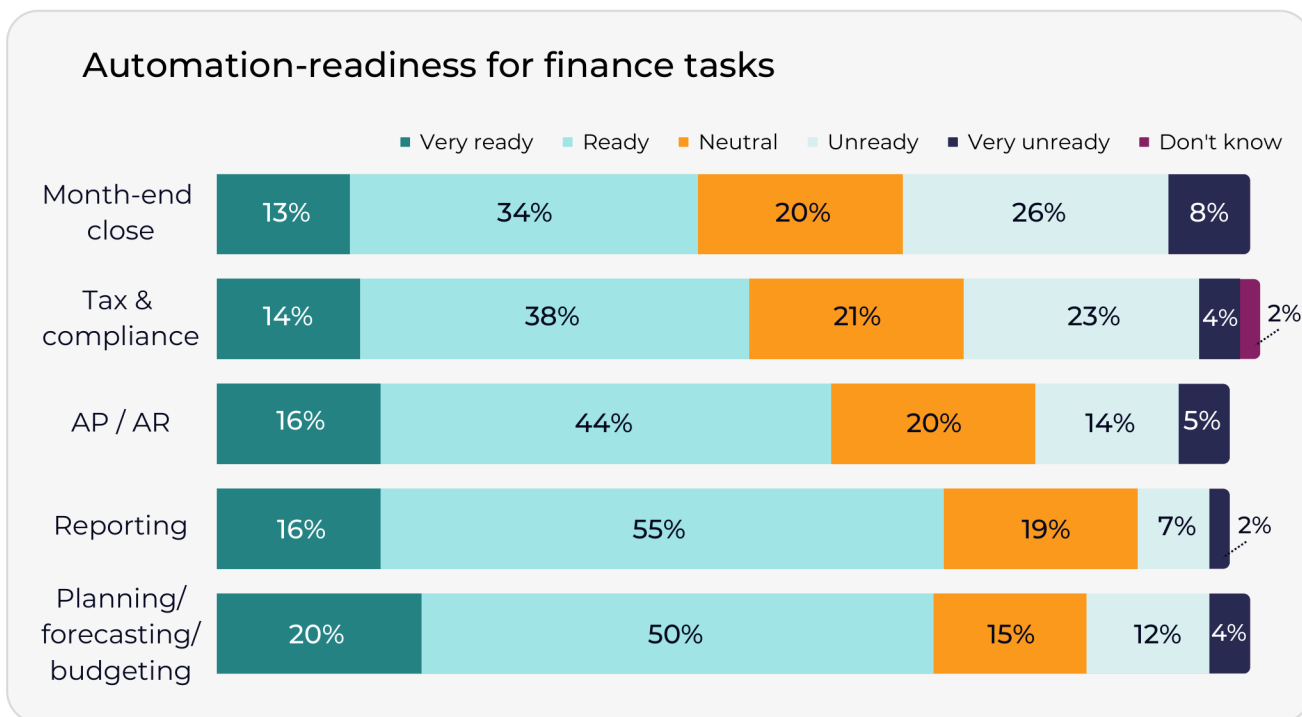


## Frequency of Using AI/ML-Driven Data for Long-Term Planning



## Finance Teams are Eyeing Tax and Compliance for Automation

Executives are also looking beyond long-range planning, indicating that planning, budgeting and forecasting (71%) and reporting (70%) are most ready for automation based on current AI capabilities. They indicate month-end close is least ready, signaling an opportunity for innovation. Across all activities, perceived automation readiness rises with belief in AI's strategic importance.



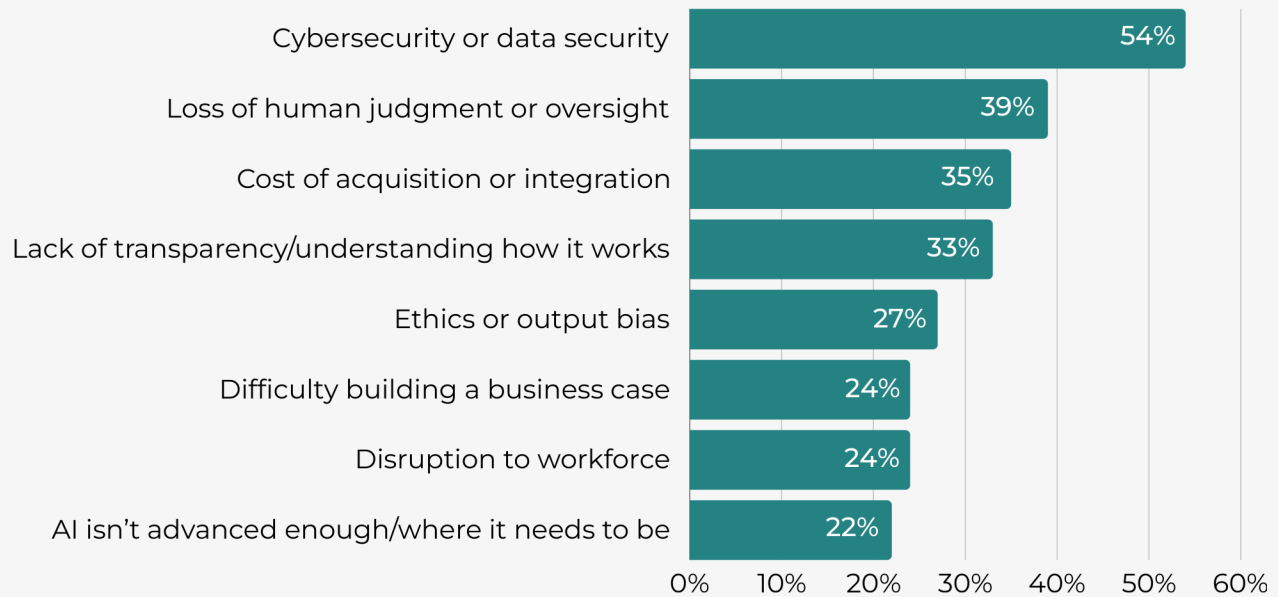
## Concerns Remain Elevated Around AI Ethics and Security

With enthusiasm for AI/ML come valid concerns. Respondents indicated that cybersecurity and ethics are top concerns with these new capabilities. Over half (54%) cite cybersecurity risks as one of their top three hesitations, while nearly two in five fear loss of human judgment or oversight. Addressing these concerns will be essential to assuage anxiety around AI and drive increasing adoption.

## Collaboration Across the Business is Essential

AI is not the only factor driving finance's evolution. Sixty-one percent of leaders say their finance team collaborates with business units beyond transactional support, enabling more integrated insights and strategic partnering. Frequent (always/often) collaborators were more likely to have already adopted AI/ML technology than those who have not yet adopted it (73% vs. 44% respectively). Closer ties support finance's transition into a strategic advisor versus a backward-looking reporting function.

### Top Concerns Around AI *(Participants could select top 3 concerns)*



## The Future CFO: Strategic Vision Meets Operational Execution

Reflecting finance's growing strategic influence, respondents noted that the modern CFO's most critical skills are having a strategic vision and future-focused mindset (52%). However, understanding other business functions and maintaining proficiency in controls, compliance and technology remains vital. This underscores the balancing act future-forward CFOs face in melding strategic vision with day-to-day operational execution.

### CFO Skills' Importance *(Participants could select top 3 concerns)*





## The Road Ahead: Closing Gaps to Realize Finance's Future

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Paro's inaugural 2023 Future of Finance survey demonstrates that finance teams currently stand at a crossroads. Leaders face skill gaps in key areas like advanced analytics while also lacking full confidence in foundational data. At the same time, emerging technologies like AI and machine learning are rapidly transforming the industry.

While finance teams clearly recognize the strategic potential of these innovations, gaps remain in adoption and application. Concerns around security, ethics and human oversight must also be proactively addressed to enable AI's responsible implementation.

By taking decisive action to close critical skill gaps, strengthen data fluency and governance, and strategically implement AI, finance leaders can maximize their opportunity to evolve into true strategic partners. The path forward will require investment in talent and technology coupled with an unwavering focus on security, ethics and collaboration.

If leaders maintain a clear-eyed view of the current landscape and take deliberate steps to bridge divides, finance can fulfill its potential as an indispensable strategic driver of growth, innovation and performance.

## METHODOLOGY

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The 2023 Paro Future of Finance survey was conducted in September 2023 using online interviews conducted in collaboration with Vitreous World. Respondents represented U.S.-based C-Suite executives or senior management in Accounting or Finance; the resulting sample was statistically representative.

## ABOUT PARO

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Paro is an AI-powered marketplace that delivers artificial intelligence, finance and accounting solutions to businesses through a combination of expert fractional talent, data-driven tools and guiding insights. By harnessing the power of people and technology, its growth platform provides flexible options, ranging from transaction processing support to corporate development and financial strategy, to solve core business challenges and drive growth. The result enables businesses and experts to go beyond even their loftiest goals.