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CFO Signals™

What North America's top finance executives are thinking—and doing
1st quarter 2023

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Dear CFOs,

As the first quarter of the year comes to a close, our 1Q 2023 North American *CFO Signals* survey reflects mixed views on the economic front. Yet, the outlook is somewhat more optimistic, unlike last quarter when all signs pointed downward.

Focus on recession while planning for a recovery. CFOs are virtually unanimous in focusing their finance organizations on a mild recession. Although there is debate over whether a recession has actually occurred, a decline in consumer spending could be what pushes the economy into one. The surveyed CFOs indicate they are generally satisfied with their organizations' ability to plan for it. Still, there is room for improvement, and CFOs offered several suggestions, such as implementing digital technologies and AI and improving forecasting. Interestingly, some CFOs cited a need for improvement in speed, agility, transparency, and collaboration—as most likely to help their companies pivot as economic and market conditions change.

Meanwhile, CFOs are taking steps to prepare for a recovery—whenever that occurs—by identifying opportunities for investment, strengthening liquidity and cash management, increasing operational efficiency, and building inventory or production capacity, to name a few. Some CFOs are even increasing hiring and reviewing compensation to stay competitive in a growth economy.

Signs of optimism, growth, and a stronger risk appetite. This quarter, CFOs are optimistic, both for improved economic conditions a year ahead and in their own companies' future financial prospects. Compared to the prior quarter, CFOs also have higher expectations for year-over-year growth (YOY) in earnings, revenue, capital investment, and domestic hiring. These factors may help explain why 40% of CFOs say now is a good time to be taking greater risks, a leap from 29% last quarter. In addition, just 36% of CFOs view U.S. equity markets as overvalued, half the 72% of CFOs who considered the markets overvalued in our survey a year ago. Some might want to consider what this could mean for acquisitions.

Views on inflation. Inflation has declined since the start of the year, partly attributable to lower energy prices. Still, the majority of CFOs don't expect it to fall much further before year-end, pegging it between 4% and 6%. Some CFOs might view tightness in the labor market and higher wages as an inhibitor to inflation dropping faster. The likelihood for more interest rate hikes this year could also explain their cautious attitude.

Data, insights, and decision-making. Our special topic this quarter focused on the challenges and opportunities CFOs and their finance organizations have in providing their businesses with data and insights for timely decision-making. More than half of CFOs pointed to inadequate technologies/systems, immature capabilities, and lack of experienced talent each as their greatest roadblocks in driving data to insights. The majority of surveyed CFOs have taken actions to address those challenges, such as investing in new systems and automation and upgrading existing systems, implementing talent/organizational changes, and streamlining data structures and evaluating processes and controls.

Reflecting back and looking ahead. At this time last year, the Russia-Ukraine conflict was approaching its second month, and a year has passed without resolution. In the meantime, tensions with China and other regions have escalated. Little wonder that geopolitics/instability sit at the top of CFOs' most worrisome external risks in this quarter's survey.

On April 6, we will host our next *CFO 4Sight* webcast, when we will discuss some of the implications of economic and geopolitical events on the world of CFOs and hear from a guest CFO. Please mark your calendars and expect more details to follow. In the meantime, I thank you for taking time to participate in our 1Q23 *CFO Signals* survey and sharing your perspectives with your peers.

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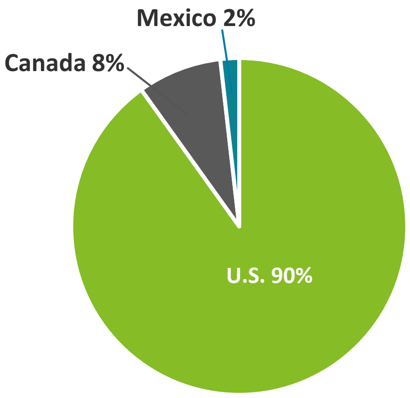
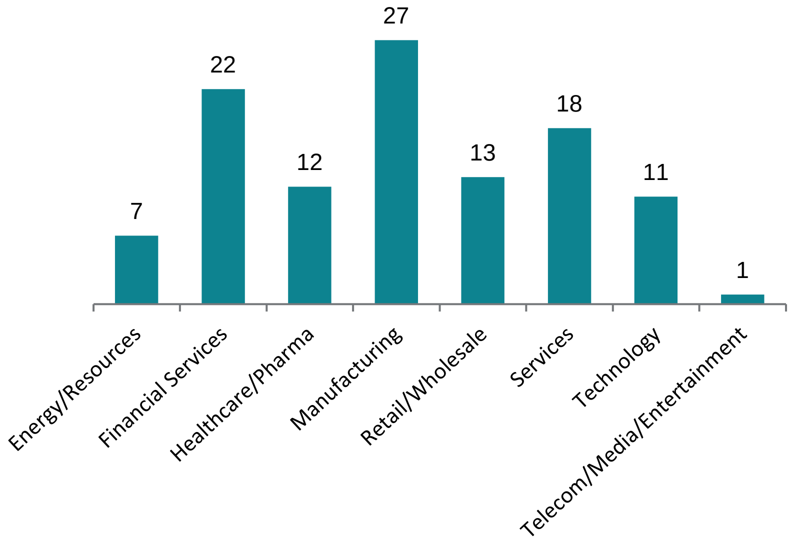
Participation: A total of 111 CFOs participated: 63% from public companies and 37% from privately held firms. Just over 33% of the CFO participants have more than 10 years' experience, and another 23% have 5 to 10 years' experience, while the remainder have less than five years' experience. Respondents are from the U.S., Canada, and Mexico, and the vast majority are from companies with more than $1 billion in annual revenue. The 1Q23 *CFO Signals* survey was conducted from February 6-21, 2023. For other information about the survey, please contact nacfosurvey@deloitte.com.

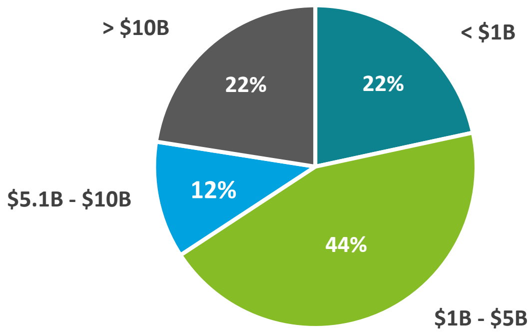
By country



By industry



By company size



1Q23 LONGITUDINAL BUSINESS OUTLOOK HIGHLIGHTS

First-quarter 2023 *CFO Signals* survey results reveal a sunnier outlook from North American CFOs regarding macroeconomic conditions and own-company performance, compared to 4Q22 and despite a focus on planning for a mild recession.

Economic assessment by region

North America: Forty percent of CFOs rate current economic conditions as good or very good, up from 35% in 4Q22. More than half (54%) expect conditions to improve in a year, up measurably from 29% in the prior quarter.

Europe: Five percent of CFOs see current economic conditions as good or very good, up from 2% in 4Q22. Nearly one-third (32%) expect improvement 12 months out, compared to 9% in 4Q22.

China: Six percent of CFOs consider current economic conditions as good, up from 3% in 4Q22. Forty-one percent of CFOs expect better conditions in a year, an increase from 19% in 4Q22.

Asia, excluding China: More than one-fifth (22%) of CFOs view the current economy as good or very good, up from 15% in 4Q22, while 32% of CFOs expect better conditions a year out, an increase from the prior quarter's 18%.

South America: Six percent of CFOs view current economic conditions as good, a drop from 7% in 4Q22. Looking ahead, 17% of CFOs expect the economy to be better in 12 months, more than double the 8% of CFOs who believed the same in 4Q22.

Company outlook

CFOs' **own-company net optimism**† climbed to +13 in 1Q23 from -21 in 4Q22. CFOs in the Technology industry are the most optimistic (+55) while Financial Services CFOs are the least optimistic (-18).

The **performance index** (average of percentages of CFOs citing positive YOY revenue and earnings growth) rose to +71 from +61 in 4Q22. The Healthcare/Pharma, Manufacturing, and Technology industries led the index, all at +75.

The **expansion index** (average of percentages of CFOs citing positive YOY growth in capital investment and domestic hiring) also rose to +62 from +53 in 4Q22. The Energy/Resources industry ranks highest on this index (+79).

Views on North America's economy

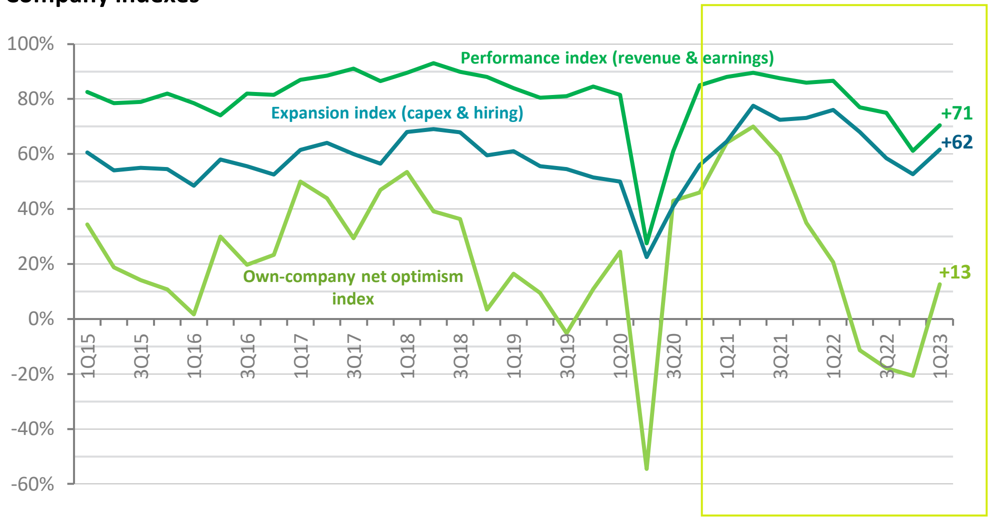
Economy optimism

	Good now		Better in a year		Last quarter	2-yr. avg
North America	↗	40%	↗	54%	35/29	56/41
Europe	↗	5%	↗	32%	2/9	17/27
China	↗	6%	↗	41%	3/19	25/34
Asia, excl. China**	↗	22%	↗	32%	15/18	41/32
South America**	↘	6%	↗	17%	7/8	17/23

*U.S. GDP = percent change from preceding quarter in real U.S. gross domestic product (source: Bureau of Economic Analysis table 1.1.1)

**Note that 3Q21 was the first time *CFO Signals* asked CFOs for their assessments of the economies of Asia, excluding China, and of South America, and as such these two-year averages are made up of only seven quarters of data.

Company indexes



Company optimism and YOY growth expectations

		This quarter	Last quarter	2-yr. avg.
Own-company optimism (net) †	↗	+13	-21	+18
Revenue	↗	4.4%	4.2%	7.2%
Earnings	↗	5.4%	2.9%	8.5%
Dividends	↘	2.4%	3.1%	3.6%
Capital investment	↗	5.7%	4.0%	8.6%
Domestic hiring	↗	2.3%	2.1%	4.0%
Domestic wages/salaries	↘	4.3%	4.6%	4.6%

†The own-company net optimism index = the percentage of CFOs citing rising optimism regarding their companies' prospects minus the percentage citing falling optimism.

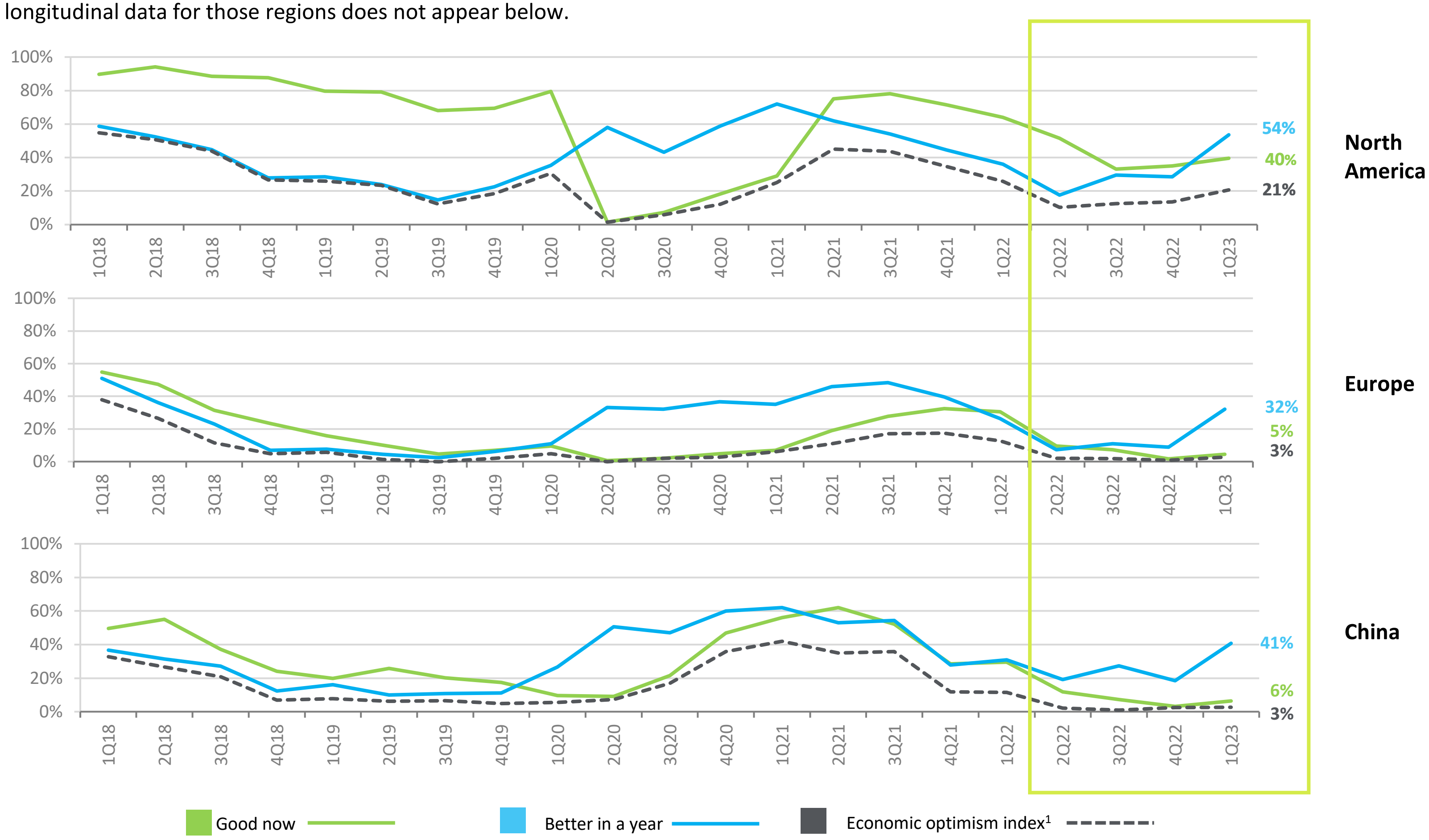
ASSESSMENTS OF REGIONAL ECONOMIES

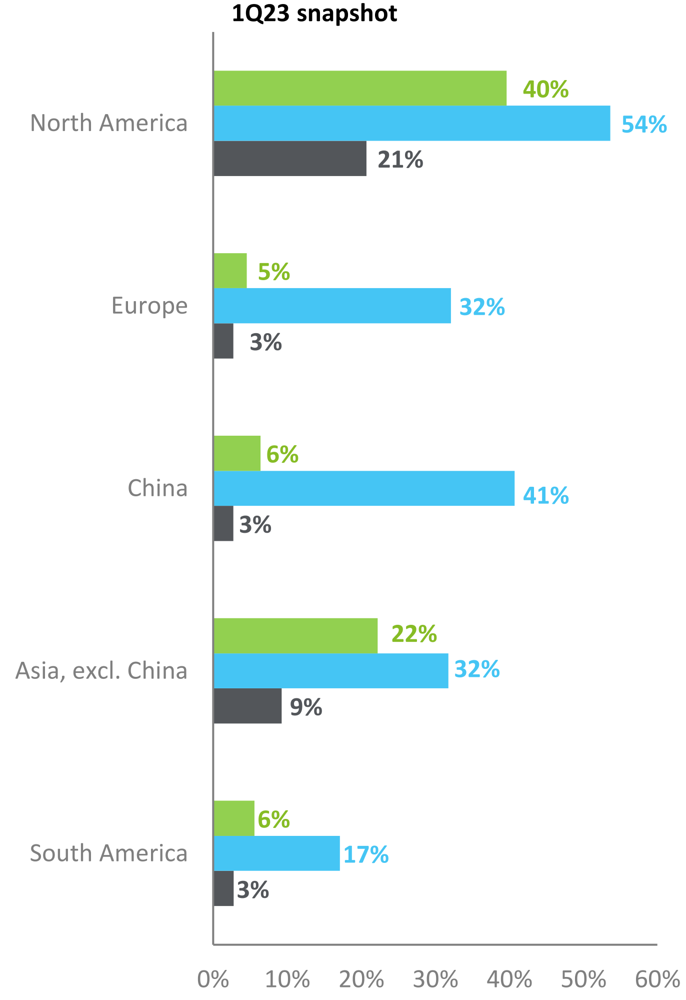
Looking one year out, surveyed CFOs are substantially more optimistic for economic conditions to improve in the five regions tracked by *CFO Signals,* compared to 4Q22.

Although most surveyed CFOs are planning for a mild recession, more than half (54%) see the North American economy improving over the next 12 months, up from 29% in 4Q22. While CFOs' views of current economies in Europe and China appear cautious, 32% of CFOs expect the European economy to improve in a year, up from 9% in 4Q22, and 41% project China's economy to do the same, up from 19% in 4Q22.

How do you regard the current and future status of the following economies?

Note: 3Q21 was the first time *CFO Signals* asked CFOs for their assessments of the economies of Asia, excluding China, and of South America, so longitudinal data for those regions does not appear below.





[1] This index reflects the percentage of respondents who rated both the current economic conditions as "good" or "very good" and the economic conditions in a year as "better" or "much better."

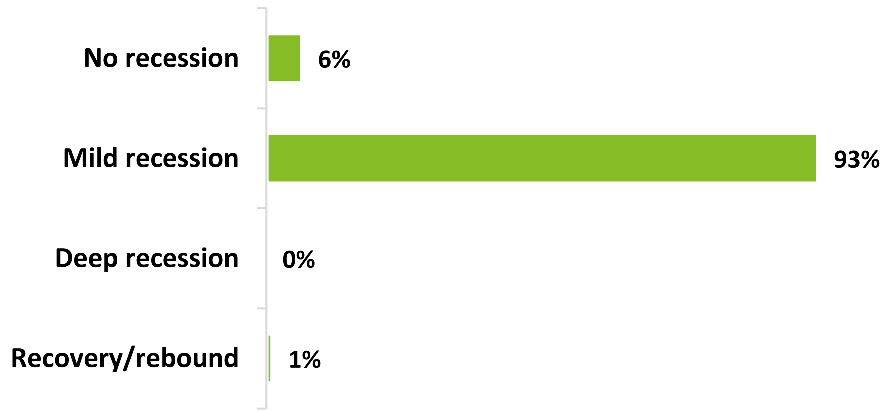
FINANCE ORGANIZATIONS FOCUSED ON PLANNING FOR A MILD RECESSION

Despite some signs of economic improvement in 2023 thus far, including lower inflation and unemployment rates, an overwhelming 93% of surveyed CFOs have their finance organizations focused on planning for a mild recession. That figure contrasts markedly with just 6% of CFOs who say their finance organizations are focused on planning for no recession and the 1% who are planning for a recovery/rebound.

Decision-making to plan for a downturn/recession: More than half of CFOs (55%) indicate they are satisfied with their companies' decision-making to plan for a downturn or recession. Still, 15% of CFOs are very or somewhat dissatisfied and 30% are neither satisfied nor dissatisfied with their companies' decision-making to plan for a downturn or recession.

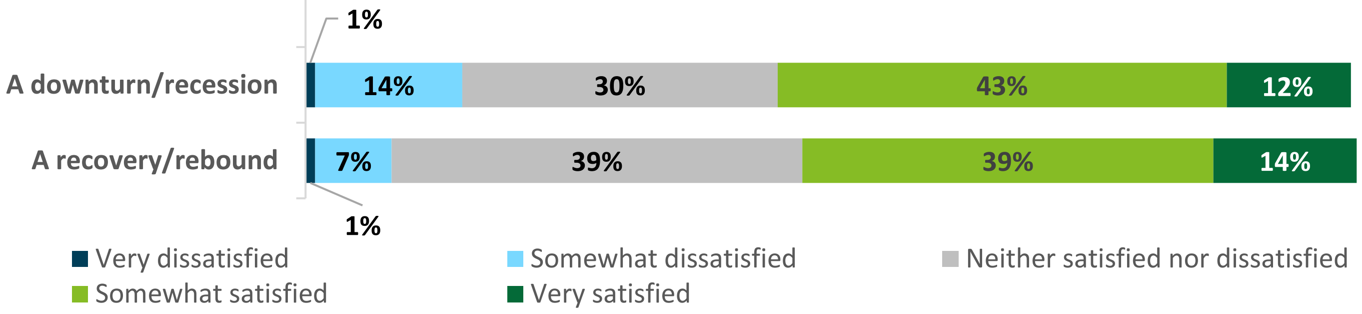
Decision-making to plan for a recovery/rebound: When it comes to a recovery/rebound, more than half (53%) of CFOs also indicate they are satisfied with their companies' decision-making to plan for that scenario. In addition, 8% of CFOs say they are very dissatisfied or somewhat dissatisfied with their companies' decision-making for a recovery/rebound, while 39% of CFOs indicate they are neither satisfied nor dissatisfied.

In 2023, my finance organization in North America is primarily focused on planning for the following: No recession, mild recession, deep recession, or recovery/rebound. (N=111*)



*111 (100%) of respondents across eight industries answered.

How satisfied are you with your company's decision-making to plan for a downturn/recession and a recovery/rebound: (N=110*)



*110 (99%) of respondents across eight industries answered.

MEANWHILE, CFOS ARE TAKING ACTIONS TO PREPARE FOR A RECOVERY/REBOUND

While the vast majority of surveyed CFOs are focused on planning for a mild recession in 2023, many are simultaneously taking actions to prepare for a recovery or rebound. The top three actions CFOs are taking are investing in growth, sales, customers, and new markets; controlling costs/increasing operational efficiency; and building inventory and/or production capacity to meet demand.

Interestingly, more CFOs indicate they are increasing their hiring and/or optimizing their staffing levels than those freezing headcount or slowing hiring, while another subset of CFOs are working on retaining and developing their current talent, including a review of compensation. Other notable actions include raising/deploying capital for investment, strengthening liquidity and cash management, and evaluating M&A opportunities.

If you think there will be an economic recovery or rebound, what top three actions are you taking to prepare for it? (N=78*)

Most frequently cited comments by category (number of CFOs citing each category)**

*78 respondents (70% of total respondents). Total number of comments is more than the total number of respondents because some CFOs cited multiple actions.

**Note, these categories were developed based on responses to open-ended text questions. There are four respondents who indicated they are not taking any actions to prepare, and three respondents who don't believe there will be a recovery in the near term.

Sample comments (While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated some comments in the interest of space and participant confidentiality.)

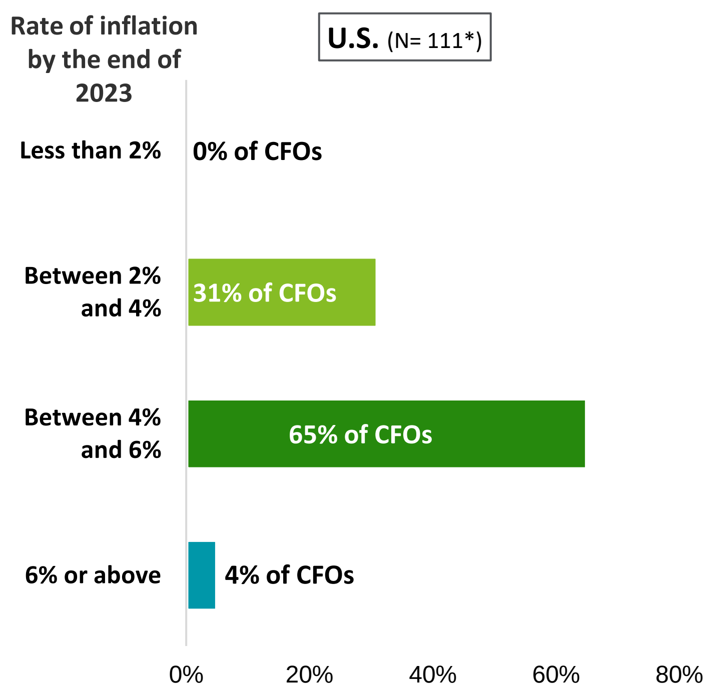
- *Capital investments that drive energy efficiency and productivity.*
- *Continuing to raise capital and being patient/judicious about deploying it.*
- *Employer value proposition.*
- *Ensure staff levels are sufficient and wages are at market.*
- *Having the data to assess investment yield impact on product pricing adequacy.*
- *Improve cost structure to drive scalability.*
- *Invest in capacity and growth resources during the recession.*
- *Invest in training and retention of direct staff.*
- *Maintain strong liquidity to take advantage of opportunities.*
- *Prepare board for prospect of deploying capital in recessionary market.*
- *Readiness to deploy extra capital to fund growth.*
- *We don't believe a recovery is likely in the short term, but if one occurs, we've prepped assets to sell to bring to market. This will allow us to use the sale proceeds to recycle into growth opportunities for the company.*

CFOS' EXPECTATIONS FOR INFLATION BY YEAR-END

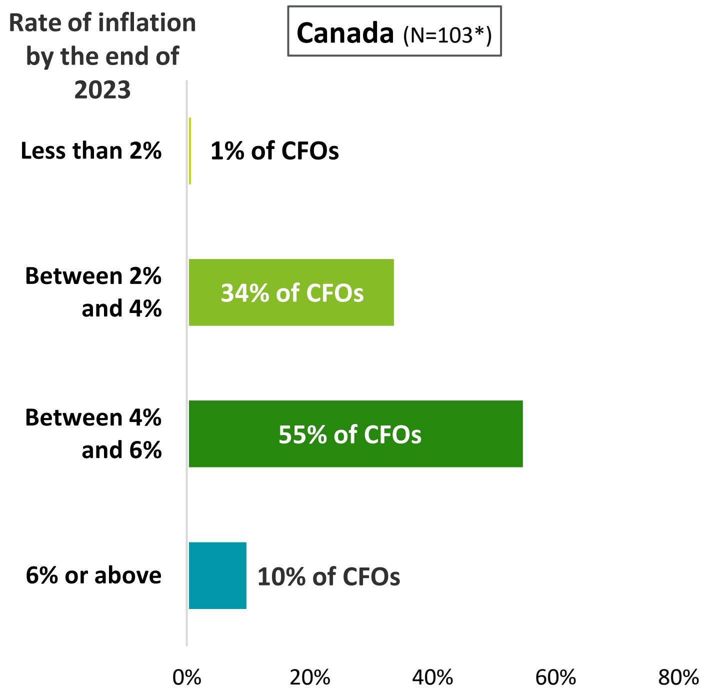
Across North America, surveyed CFOs appear reserved in their expectations for inflation rates to fall before year-end. Nearly two-thirds (65%) of CFOs expect inflation in the U.S. to range between 4% and 6% by the end of 2023. More than half (55%) of CFOs also expect the inflation rate in Canada to hover between 4% and 6% before year-end. Only 16% of CFOs see Mexico's inflation rate hovering between 4% and 6% before the end of the year.

On a more positive note, about one-third of CFOs expect inflation rates in both the U.S. and Canada to land between 2% and 4% by year-end. Just 4% of CFOs project the inflation rate to be 6% or higher in the U.S. by the end of this year, and 10% of CFOs project the same for Canada's inflation rate. CFOs are less optimistic about where Mexico's inflation rate will settle before year-end, with 58% of CFOs expecting it to range between 6% and 8% and only 2% of CFOs see inflation rates falling below 4% in Mexico before the end of the year.

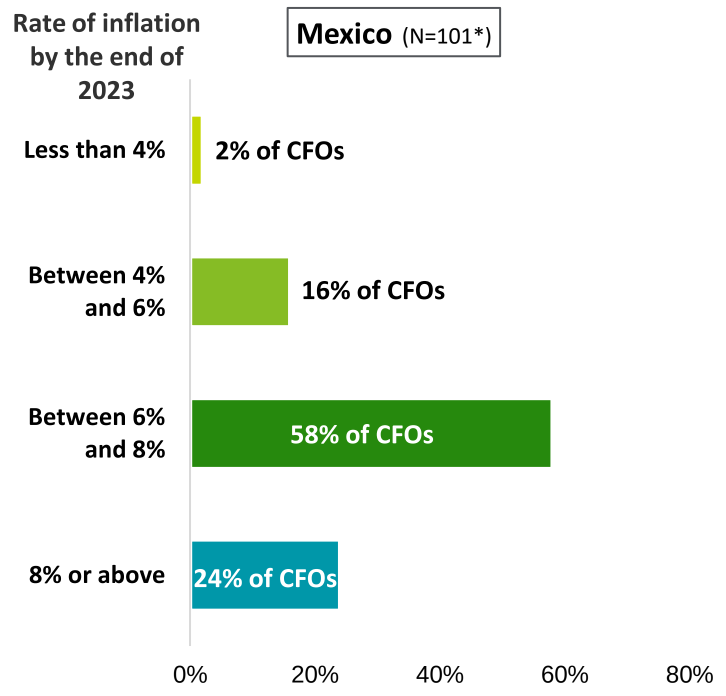
Where do you think the rate of inflation will likely be by the end of 2023 in the following countries?



*111 (100%) of respondents across eight industries answered.



*103 (93%) of respondents across eight industries answered.



*101 (91%) of respondents across eight industries answered.

ASSESSMENTS OF CAPITAL MARKETS AND RISK: VALUATION OF US EQUITY MARKETS

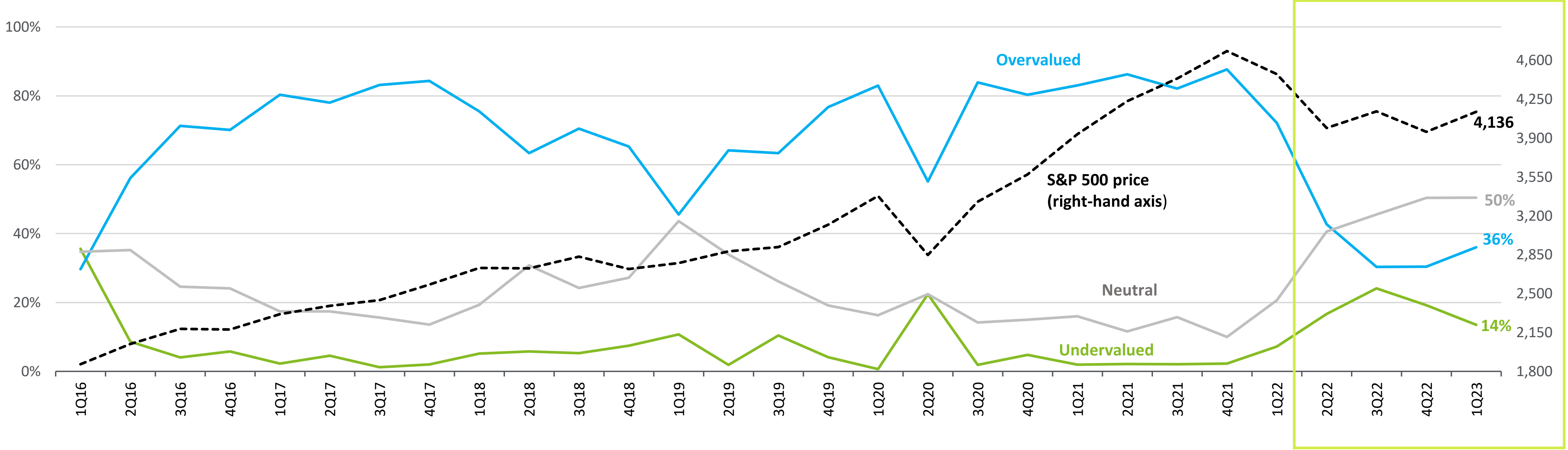
The gap between CFOs who believe U.S. equity markets are overvalued versus undervalued has widened further since 3Q22, while the proportion of CFOs holding neutral views remained unchanged, at 50%.

The proportion of CFOs saying U.S. equity markets are overvalued in this quarter's survey increased to 36%, from 30% in 4Q22. The proportion of CFOs considering U.S. equity markets undervalued declined to 14% from 20% in the prior quarter.

CFOs in Healthcare/Pharma (50%) and Retail/Wholesale (46%) were most likely to view U.S. equity markets as overvalued. Financial Services (23%) and Manufacturing (19%) CFOs were mostly likely to view U.S. equity markets as undervalued. Energy/Resources CFOs (71%) were most likely to view U.S. equity markets as neither overvalued nor undervalued.

How do you regard U.S. equity markets valuations? (N=111*)

Percent of CFOs saying U.S. equity markets are overvalued, undervalued, or neither (responses are compared to S&P 500 at survey midpoint. The S&P 500 stood at 4,136 at the midpoint of the 1Q23 survey data collection on February 14, 2023, an increase from the 4Q22 survey midpoint of 3,957 on November 14, 2022).



*111 (100%) of respondents across eight industries answered.

ASSESSMENTS OF CAPITAL MARKETS AND RISK: ATTRACTIVENESS OF DEBT AND EQUITY FINANCING

A smaller proportion of CFOs (16%) see equity financing as less attractive this quarter, compared to 25% in 4Q22, while only 15% of CFOs consider debt financing attractive, unchanged from 4Q22. The results are perhaps due to higher interest rates, inflation, and macroeconomic uncertainty.

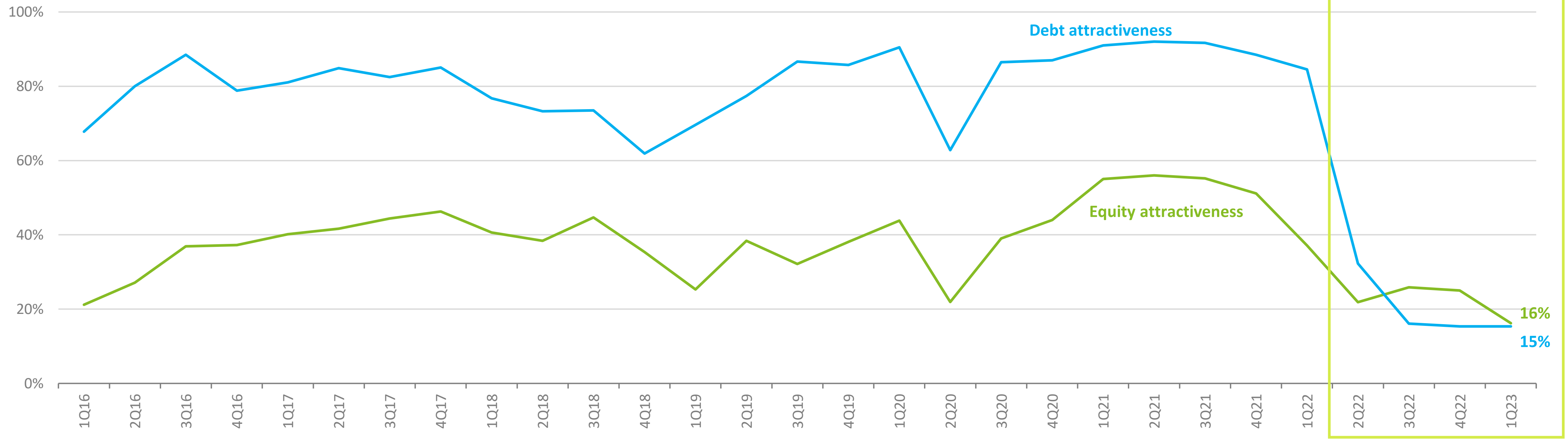
Attractiveness of debt financing by public/private companies: Sixteen percent of public company CFOs view debt financing as attractive, flat from 4Q22. Among private companies, 15% of CFOs consider debt financing as attractive, a slight increase from 14% in the prior quarter.

Attractiveness of equity financing by public/private companies: Seventeen percent of public company CFOs regard equity financing as attractive, a decrease from 25% in the prior quarter. Among private companies, 15% of CFOs consider equity financing as attractive, a notable decrease from 25% in 4Q22.

Sample industry views: Technology (73%) and Energy/Resources (71%) CFOs were the most likely to find debt financing unattractive, while Healthcare/Pharma CFOs (25%) were most likely to view debt financing as attractive. Technology (45%) and Manufacturing (44%) CFOs were more likely to find equity financing unattractive, while Retail/Wholesale CFOs (38%) were most likely to view equity financing as attractive.

How do you regard debt/equity financing attractiveness? (N=111*)

Percent of CFOs citing debt and equity attractiveness (both public and private companies)



*111 (100%) of respondents across eight industries answered.

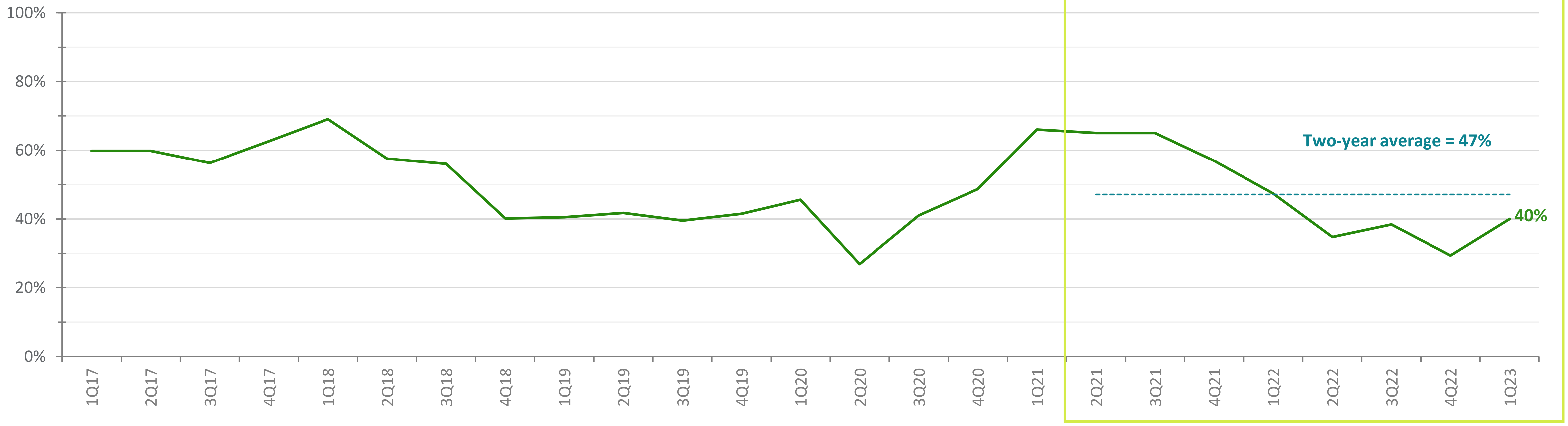
ASSESSMENTS OF CAPITAL MARKETS AND RISK: RISK APPETITE

The proportion of CFOs saying now is a good time to be taking greater risks stands at 40%, a jump from 29% in the previous quarter. That's the highest level in CFOs' risk appetite since 1Q22, but still below the two-year average of 47%. The increase in CFOs' risk appetite most likely reflects their expectations for economic conditions across all regions tracked by *CFO Signals* to improve a year out, as well as higher net optimism for their own companies' financial prospects this quarter.

Looking at industry results, CFOs in Energy/Resources are most inclined toward risk-taking with more than 70% agreeing that now is a good time to be taking greater risks. Meanwhile, CFOs in Technology have the lowest risk appetite, with only 30% saying now is a good time to take greater risks. Nevertheless, that figure is a notable increase from last quarter's 18% of Technology CFOs who were inclined at the time toward more risk-taking. Financial Services CFOs also indicate a stronger appetite for risk-taking this quarter: 36% say now is a good time to be taking greater risks, compared to 26% in 4Q22.

Risk appetite: Is this a good time to be taking greater risks? (N=110*)

Percent of CFOs saying it is a good time to be taking greater risks



*110 (99%) of respondents across eight industries answered.

ASSESSMENTS OF CAPITAL MARKETS AND RISK: MOST WORRISOME INTERNAL RISKS

Despite continued reports of layoffs across industries, retention and talent availability and hiring continue to dominate CFOs' list of internal worries. CFOs also express concerns over execution and prioritization—from strategic and transformation initiatives to cost-cutting measures.

Innovation and growth, plus cost management, are other most worrisome internal risks cited by CFOs. In addition, some CFOs cite change management and the hybrid work environment as top-of-mind concerns, most likely related to their worries over talent. Interestingly, enterprise risk appears more often in CFOs' comments in this quarter's survey than in some recent ones.

Which internal risk worries you most? (Key themes) (N=99*)

*99 (89%) of respondents across eight industries answered. Total number of comments is more than the total number of respondents because some CFOs cited multiple risks. Note, these categories were developed based on responses to open-ended text questions.

Sample themes, subthemes, and comments regarding CFOs' internal risk worries (While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated some comments in the interest of space and participant confidentiality.)

Retention (37)

- *Ability to attract and retain labor at reasonable rates.*
- *Ability to retain competent, trained, and qualified employees.*
- *Attrition.*
- *Balancing retaining top talent with managing headcount reductions.*
- *Employee turnover.*
- *Loss of key talent.*
- *Talent retention.*

Talent availability/hiring (31)

- *Being able to hire.*
- *Cost and availability of good human capital.*
- *Having the right resources.*
- *Headcount.*
- *Labor availability.*
- *Lack of talent.*
- *Recruiting and retaining top talent.*
- *Talent – both from keeping/maintaining as well as from replacing/hiring.*
- *Workforce challenges – inability to recruit and retain key roles.*

Execution & prioritization (25)

- *Agreeing on key priorities.*
- *Continue to progress with performance culture.*
- *Consistent execution in the supply chain.*
- *Execution amidst dynamic environment.*
- *Execution of our strategy.*
- *Execution on cost reduction, efficiency, and transformation initiatives.*
- *Maintaining execution and growth.*
- *Strategic execution.*
- *Transformation execution.*

Innovation & growth (11)

- *Lack of pace on digital.*
- *Investing in areas that will drive maximum growth.*
- *New product development.*
- *Poor yielding R&D.*
- *Systems modernization project.*
- *Systems transformation.*
- *Technology advancement.*
- *Transformation initiatives.*

ASSESSMENTS OF MARKETS AND RISK: MOST WORRISOME EXTERNAL RISKS

Inflation and geopolitics/instability, cited by CFOs as their top external risks in 4Q22, again stand out prominently this quarter. Policies and regulations and concerns over a recession, along with interest rates and their impact, also are prominent among CFOs' most worrisome external risks.

This quarter, there are notable mentions of consumer spending and behavior and capital costs and availability as a concern, while some CFOs note competition and market constraints and interest rates/impact to be among their most worrisome risks. Some CFOs cite risks associated with energy and commodity pricing, macroeconomics, and supply chain, although with less frequency.

Which external risk worries you most? (Key themes) (N=99*)

*99 (89%) of respondents across eight industries answered. Total number of comments is more than the total number of respondents because some CFOs cited multiple risks. Note, these categories were developed based on responses to open-ended text questions.

Sample themes, subthemes, and comments for CFOs' external risk worries (While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated some comments in the interest of space and participant confidentiality.)

Inflation (38)

- *Competition and inflationary trends.*
- *Healthcare inflation, general wage inflation.*
- *Overall inflationary pressures. They have started to subside or flatten out, so the hope is to continue with this trend.*
- *Pace of inflation/deflation and the potential volatility of banks rates.*
- *Persistent inflation, coupled with recession.*
- *Persistent inflation driven by continued increases in federal spending.*
- *Significant market decline, higher inflation, recession.*

Geopolitics/instability (38)

- *Escalation of Russia-Ukraine conflict.*
- *If China takes over Taiwan, it would have significant impacts on our imports from China.*
- *Macroeconomic issues, including China.*
- *Ongoing war in Ukraine – continued fallout across Western Europe, China – U.S. relations.*
- *Supply chain risk and energy/commodity pricing due to geopolitical tensions.*
- *War in Ukraine, tensions with China.*

Policies & regulations (22)

- *Disorderly inflation and action of regulatory agents.*
- *Fiscal and monetary policy.*
- *Government regulations impacting our ability to import and export profitably.*
- *Increasing government regulation and taxes*
- *Regulatory environment.*
- *Regulation in equity markets and crypto currencies.*
- *Unpredictable regulations.*

Recession (21)

- *A recession that is more significant than the mild one we are planning for.*
- *Central bankers tightening too much and leading to deeper recession.*
- *Deep global recession.*
- *Geopolitical (Ukraine, Taiwan) causing an economic recession.*
- *Stagflation*

EXPECTATIONS FOR OWN COMPANY'S FINANCIAL PROSPECTS

After six continuous quarters of declining net optimism for the financial prospects of their own companies, CFOs are finally feeling more optimistic this quarter.

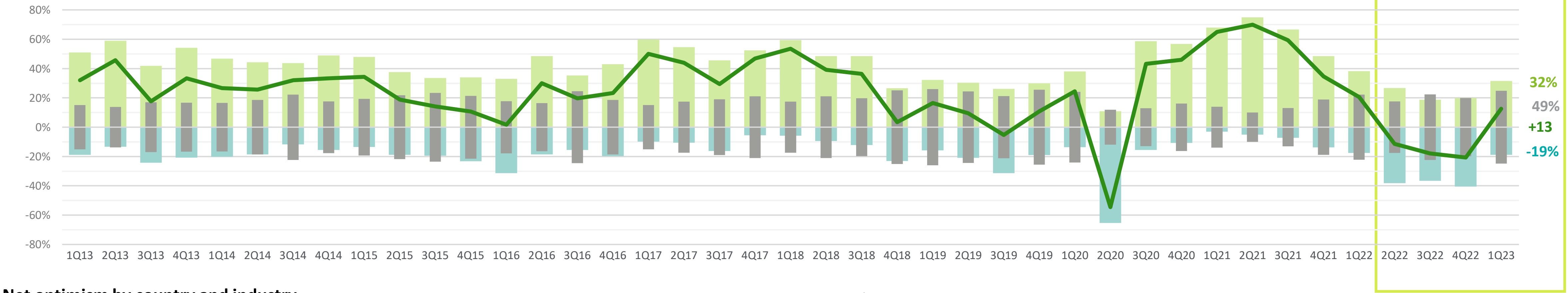
The proportion of CFOs expressing more optimism for their companies' financial prospects rose to 32% from 20%, for a net optimism of +13, compared to -21 in 4Q22. In addition, the percentage of CFOs feeling more pessimistic about their companies' financial prospects fell to 19% this quarter, from 41% in 4Q22.

Net optimism among CFOs in the U.S. rebounded from -19 in 4Q22 to +10 in 1Q23, and it surged among CFOs in Canada, to +22 from -20 last quarter. Net optimism among CFOs in Mexico at +100 is the polar opposite from last quarter's -100. *Note: There were nine participants and two participants from Canada and Mexico, respectively, in this quarter's survey.*

Among industries, Financial Services CFOs express the lowest levels of net optimism this quarter at -18, a notable decrease from last quarter's +4 net optimism. CFOs in Technology, Energy/Resources, and Services indicate the highest levels of net optimism for this quarter, at +55, +43, and +28, respectively.

Compared to three months ago, how do you feel now about the financial prospects for your company? (N=111*)

Percent of CFOs citing higher optimism (green bars), lower optimism (blue bars), and no change (gray bars); net optimism (line) is the difference between the green and blue bars.



Net optimism by country and industry

Total	U.S.	Canada	Mexico	Technology	Retail/ Wholesale	Healthcare/ Pharma	Manufacturing	Financial Services	Services	Energy/ Resources	T/M/E**
+13	+10	+22	+100	+55	+8	-8	+15	-18	+28	+43	+0

*111 (100%) of respondents across eight industries answered.

** There was only one respondent from the Telecom/Media/Entertainment sector this quarter.

EXPECTATIONS FOR YEAR OVER YEAR GROWTH IN KEY METRICS

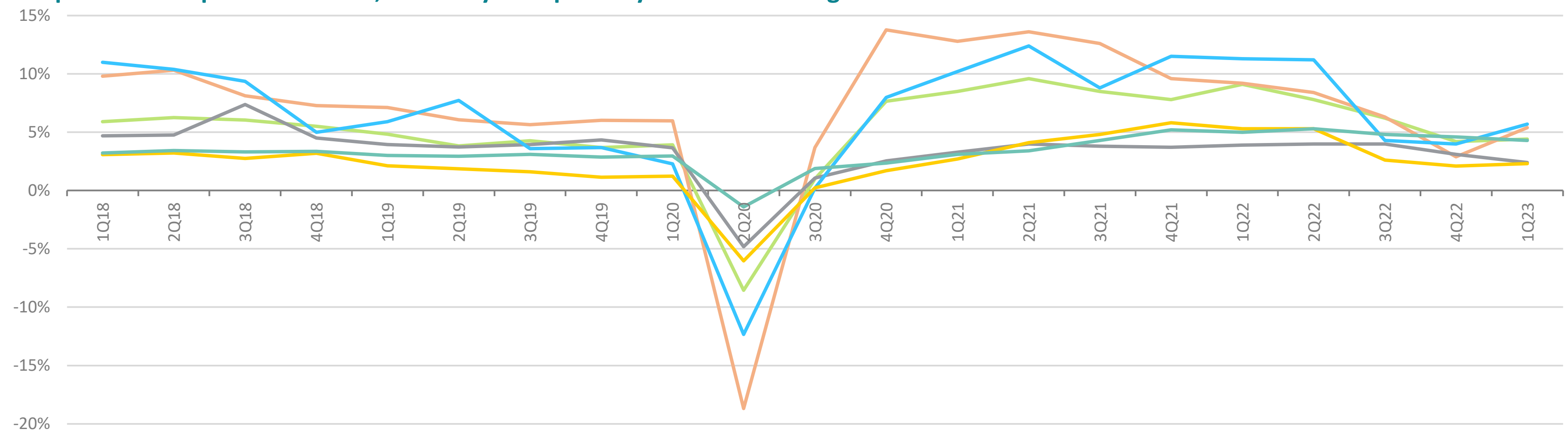
Following last quarter's bleak expectations for growth, CFOs this quarter project mixed expectations, with earnings and capital investment expected to see the greatest growth.

Earnings growth is pegged at 5.4%, up from 2.9% in 4Q22, while capital investment is estimated to grow 5.7%, up from 4.0% last quarter. With talent still a concern among surveyed CFOs, domestic hiring growth expectations increased slightly to 2.3% from 2.1% last quarter. Growth expectations for domestic wages/salaries, however, fell to 4.3% from 4.6% in 4Q22.

Healthcare/Pharma and Manufacturing CFOs appear the most optimistic. For example, Healthcare/Pharma CFOs expect YOY capital investment to grow at 8.9%, compared to -1.0% in 4Q22. Energy/Resources CFOs project modest growth in both revenue and earnings, at 2.4% and 3.7%, respectively, down from 13.9% and 15.0% in the prior quarter.

Performance and investment expectations

Compared to the past 12 months, how do you expect key metrics to change over the next 12 months?



	1Q23	4Q22
Revenue	↗ 4.4%	4.2%
Earnings	↗ 5.4%	2.9%
Dividends	↘ 2.4%	3.1%
Capital investment	↗ 5.7%	4.0%
Domestic hiring	↗ 2.3%	2.1%
Domestic wages/salaries	↘ 4.3%	4.6%

Growth expectations by country and industry

	Total	U.S.	Mexico	Canada	Energy/ Resources	Financial Services	Healthcare/ Pharma	Manufacturing	Retail/ Wholesale	Services	Technology	T/M/E**
Revenue	4.4%	4.5%	6.5%	3.0%	2.4%	2.4%	5.3%	5.3%	5.8%	5.4%	4.0%	-5.0%
Earnings	5.4%	6.0%	4.0%	-0.4%	3.7%	4.9%	7.0%	5.9%	5.0%	5.9%	5.5%	-5.0%
Dividends	2.4%	2.4%	0.0%	2.9%	3.2%	1.6%	1.7%	2.4%	3.2%	3.1%	2.3%	N/A
Capital investment	5.7%	5.4%	15.0%	6.9%	5.7%	5.1%	8.9%	7.0%	0.3%	7.0%	6.2%	0.0%
Domestic hiring	2.3%	2.3%	-0.5%	2.3%	1.7%	2.8%	1.8%	2.3%	2.2%	2.4%	1.8%	6.0%
Domestic wages/salaries	4.3%	4.3%	7.0%	3.8%	4.1%	4.2%	5.1%	4.5%	4.7%	3.9%	4.0%	3.0%

**There was only one respondent from the Telecom/Media/Entertainment sector this quarter.

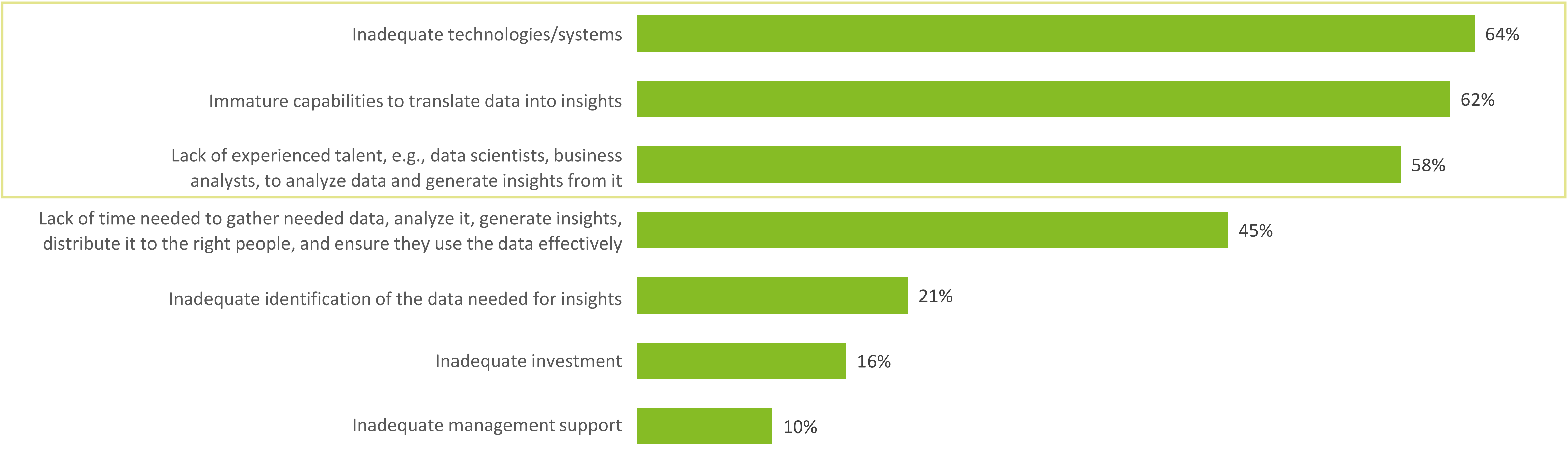
SPECIAL TOPIC – DATA AND INSIGHTS FOR DECISION-MAKING

Businesses' need for deeper and timelier insights from data moved to the forefront during the pandemic, and CFOs continue to grapple with challenges in getting the right data and translating it into insights for decision-making as they plan for the rest of 2023 and 2024. Their three greatest challenges: Inadequate technologies/systems and immature capabilities, cited by 64% and 62% of CFOs respectively, and lack of experienced talent such as data scientists and business analysts, cited by 58% of CFOs.

Other challenges mentioned less frequently are lack of time needed to gather and analyze data, generate and distribute insights, and ensure data is used effectively; inadequate identification of the data needed for insights; inadequate investment; and inadequate management support.

With almost 80% of CFOs surveyed in 4Q22 indicating that their organizations would embed more automation/digital technologies into operations in 2023, it would not be surprising to see companies do the same for their planning processes.

As you plan for the remainder of 2023 and 2024, what are your three greatest challenges to driving *data to insights*? (N=107*)



*107 (96%) of respondents across eight industries answered.

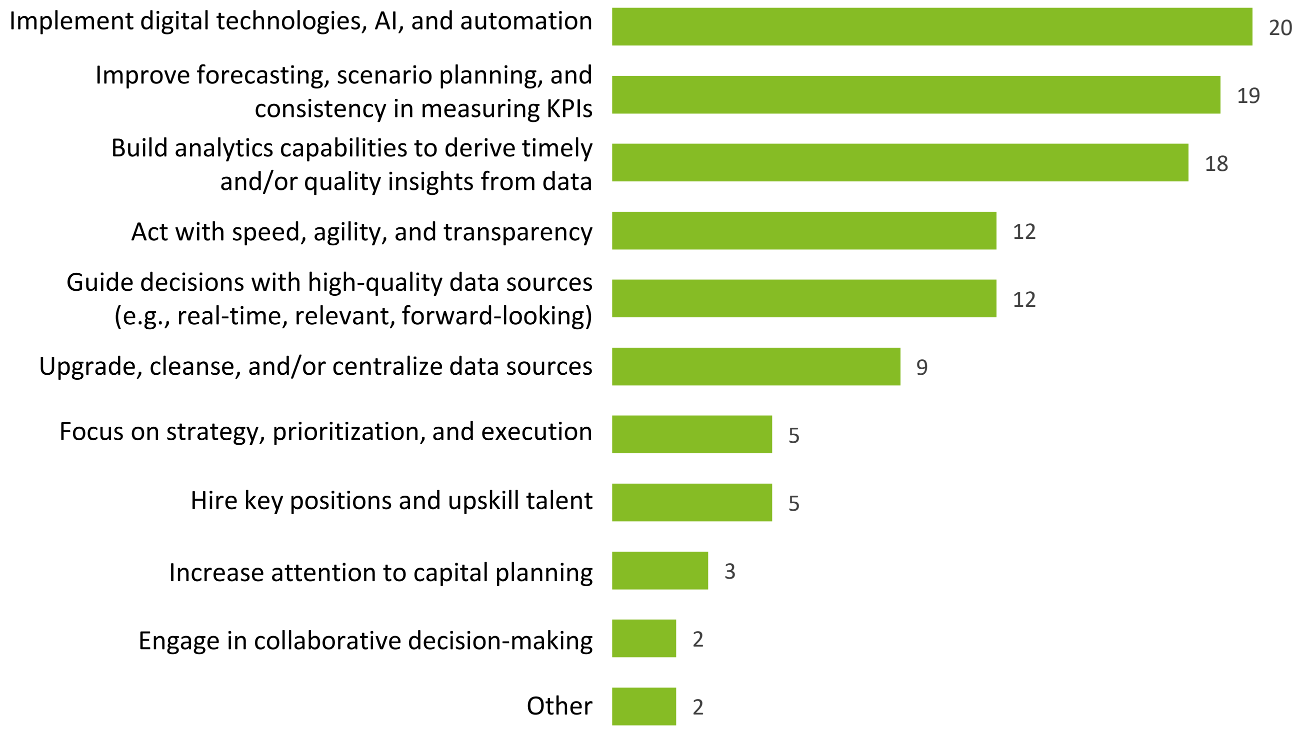
SPECIAL TOPIC – DATA AND INSIGHTS FOR DECISION-MAKING

As companies plan for the remainder of 2023 and 2024, CFOs suggest several improvements for their companies to enhance decision-making: Most frequently mentioned improvements are implementing digital technologies, AI, and automation, and improving forecasting, scenario planning, and consistency in measuring key performance indicators.

Other improvements CFOs suggest include building analytics capabilities to derive timely and/or quality insights from data; acting with speed agility, and transparency, guiding decisions with high-quality data sources, and upgrading, cleansing, and/or centralizing data sources.

As CFO what improvements, if any, would you suggest to enhance your company's decision-making in planning for the remainder of 2023 and 2024? (N=82*)

Most frequently cited comments by category (number of CFOs citing each category)**



*82 respondents (74% of total respondents). Total number of comments is more than the total number of respondents because some CFOs cited multiple actions.

**Note, these categories were developed based on responses to open-ended text questions.

Sample comments (While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated some comments in the interest of space and participant confidentiality.)

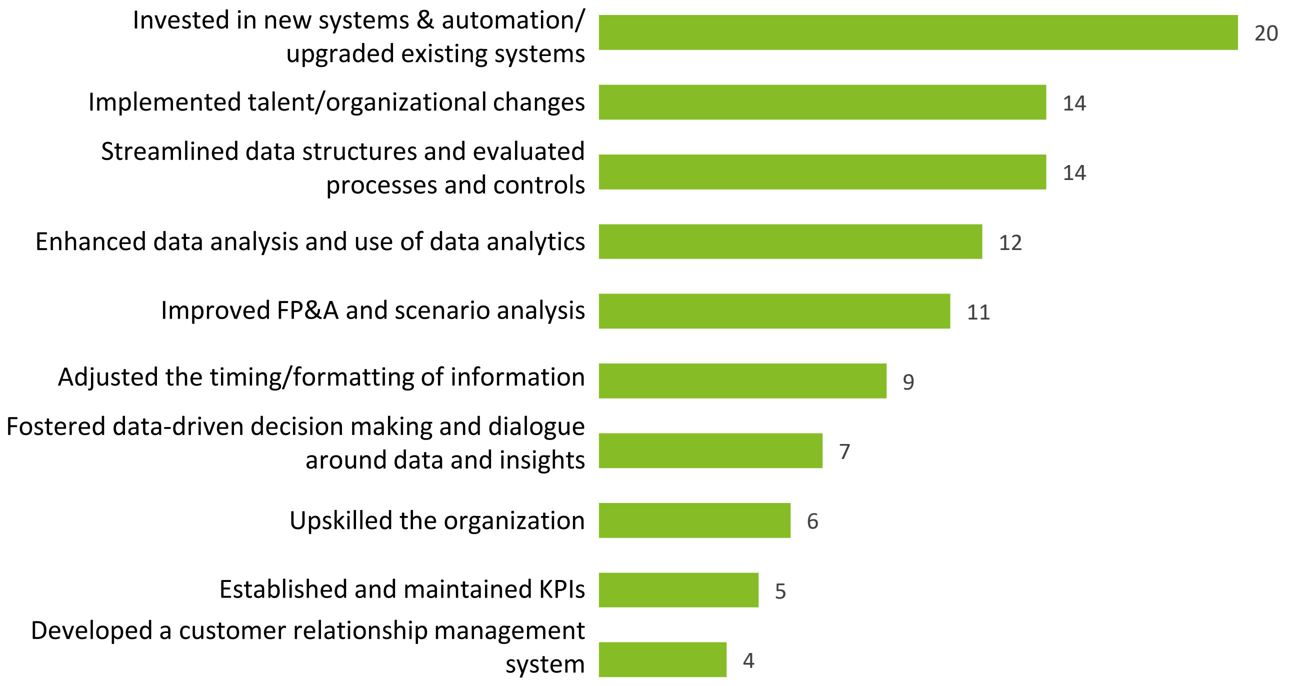
- *Longer-range planning to inform near-term decisions.*
- *Act more rapidly and decisively.*
- *Systems and tools to allow more focus on decision support and analytics vs. operational reporting.*
- *Create time for forward planning vs. chasing the daily curve balls.*
- *Hire data scientists and business analysts.*
- *Focus on better forecasting and reconciliation of forecasted data to actual results in a timely manner.*
- *Continued accounting/finance automation to shorten the month-end close process and provide insights faster to the business operators.*
- *We need our business units to be realistic about what they can achieve, and then to be laser-focused on delivering it.*
- *Remove unnecessary reporting and focus on critical data.*
- *Better supply chain tools, processes and analytics.*
- *Investing in data analytics capabilities and pricing centralization.*
- *Need a stronger focus on earnings capacity by segment and capital planning.*
- *Broader education on KPI's to all staff.*
- *More frank, honest, conversations in real time.*
- *Successful implementation of ERP, including more sophisticated systems and tools.*
- *Ensure growth activities are supported with customer commitments.*

Surveyed CFOs most frequently cite investing in new systems and automation and upgrading existing systems as the most effective step they've taken to improve the data and insights their finance teams provide the business.

Implementing talent/organizational changes and streamlining data structures and evaluating processes and controls are the next two most-often cited actions CFOs have taken to improve the data and insights provided to business leaders. Other effective steps CFOs mentioned include enhancing data analysis and use of data analytics; improving FP&A and scenario analysis; and adjusting the timing/formatting of information.

What's the most effective thing you've done to improve the data and insights your finance team provides to the business? (N=86*)

Most frequently cited comments by category (number of CFOs citing each category)**



Sample comments (While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated some comments in the interest of space and participant confidentiality.)

- *Establish KPIs to track major financial risks.*
- *Data lineage and identification and monitoring of data producer controls.*
- *Better visualization tools that allow for more frequent analysis.*
- *Streamlining and simplifying our data structures.*
- *We're sharing and discussing data at a slightly lower level of detail, so that it's clear where the variances and surprises are, which leads to great accountability and ability to course-correct.*
- *Comprehensive overhaul of management reporting provided to the business. Although this has included some new data, it primarily related to improving the formats we were using to communicate existing data.*
- *Partnered a finance leader with each business leader.*
- *Better defining the data models and strengthening the analytic capabilities to drive insight.*
- *Empowered finance employees to expand their thinking.*
- *Transitioned focus from financial results (rearview mirror) to financial forecasts (windshield) to provide greater predictive value to the organization.*

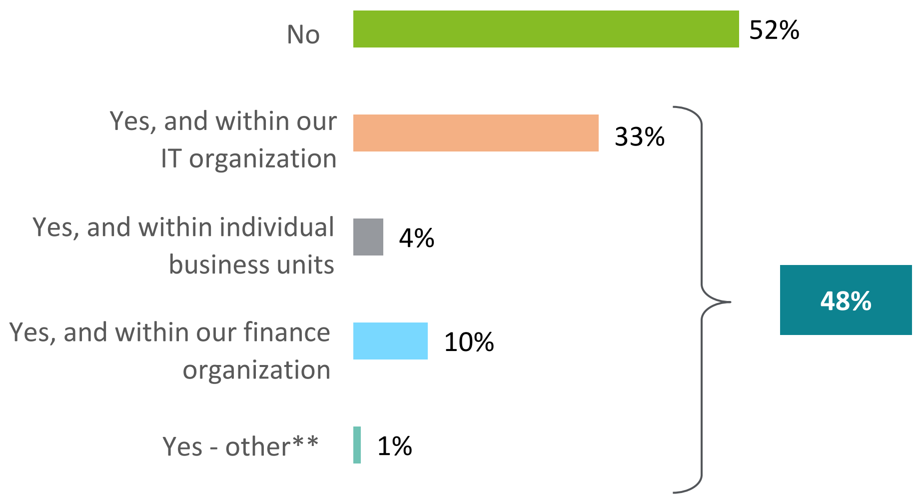
*85 respondents (77% of total respondents). Total number of comments is more than the total number of respondents because some CFOs cited multiple actions.

**Note, these categories were developed based on responses to open-ended text questions.

More than half (52%) of CFOs say their companies do not have a Chief Data Officer (CDO) or equivalent. Among the CFOs whose companies have a CDO or equivalent, 33% say the position sits within the IT function and 10% of CFOs indicate the position resides within finance. Another 4% of CFOs say the role sits within the individual business units.

Among industries, CDOs or equivalent roles appear most prevalent in Healthcare/Pharma, with 61% of CFOs saying their companies have a CDO or equivalent, Financial Services (59% of CFOs), and Manufacturing (45% of CFOs). Chief Data Officers or their equivalent appear to be less prevalent in Energy/Resources, Retail/Wholesale, Services, and Technology. However, these results may reflect the small sample size of these industries in the survey.

Does your organization have a Chief Data Officer (CDO) or equivalent? (N=111*)



Results by industry

	Energy/ Resources	Financial Services	Healthcare/ Pharma	Manufacturing	Retail/ Wholesale	Services	Technology	Tel/ Med/ Ent
No	71%	41%	39%	55%	61%	56%	59%	0%
Yes, and within our IT organization	29%	32%	46%	30%	31%	39%	25%	0%
Yes, and within individual business units	0%	9%	0%	4%	8%	0%	8%	0%
Yes, and within our finance organization	0%	14%	15%	11%	0%	5%	8%	100%
Other	0%	4%	0%	0%	0%	0%	0%	0%
Sample by industry (N)	*7*	*22*	*12*	*27*	*13*	*18*	*11*	*1*

*111 (100%) of respondents across eight industries answered.

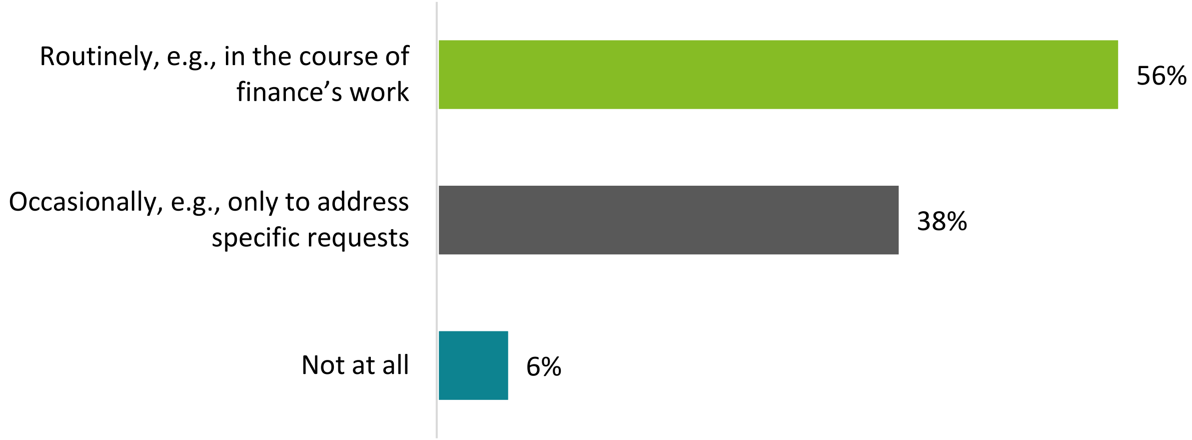
** One percent of the CFOs indicated the role sits within their actuarial organization.

SPECIAL TOPIC – DATA AND INSIGHTS FOR DECISION-MAKING

Finance organizations in companies that have a Chief Data Officer or equivalent appear not to be taking full advantage of the resource, as only slightly more than half (56%) of CFOs say their finance organizations work routinely with their CDO or equivalent in the course of finance's work, while 38% work with them only occasionally and 6% not at all. Little wonder that the third largest challenge to driving data to insights is lack of experienced talent, e.g., data scientists, business analysts, to analyze data and generate insights.

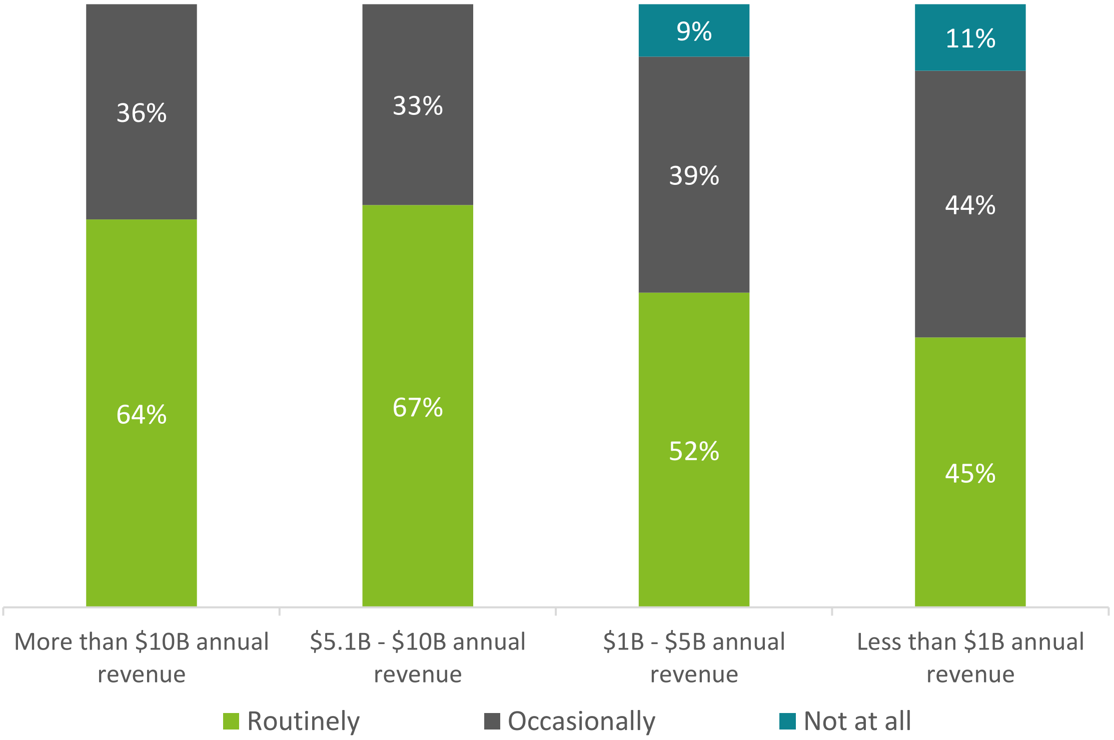
Perhaps not surprising, company size appears to matter in terms of the frequency with which finance organizations work with their companies' Chief Data Officer or equivalent. Almost two-thirds (64%) of the CFOs from companies that have more than $10 billion in annual revenue and a Chief Data Officer or equivalent say their finance organizations work with the CDO routinely. Less than half (45%) of CFOs from companies with $1 billion or less in annual revenue say their finance organizations work with their Chief Data Officer on a routine basis.

How often does your finance organization work with your Chief Data Officer or equivalent? (N=52*)



Results exclude "Not Applicable" responses.

Results by company size



*52 (47%) of respondents across eight industries answered with one of the above responses. The above chart excludes respondents who answered not applicable to this question.

Appendix

Longitudinal and country trends
Industry-specific data
Responses to open-ended text questions
Survey background

APPENDIX

Longitudinal trends

Cross-industry expectations and sentiment (current quarter and last 24 quarters)

CFOs' year-over-year expectations[1,2]

(Mean growth rate, median growth rate, percent of CFOs who expect gains, and standard deviation of responses[2])

			1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	Survey mean	2-year mean
Operating results	Revenue	*Mean*	4.3%	5.6%	5.7%	4.7%	5.9%	6.3%	6.1%	5.5%	4.8%	3.8%	4.3%	3.7%	3.9%	-8.6%	1.0%	7.7%	8.5%	9.6%	8.5%	7.8%	9.1%	7.8%	6.2%	4.2%	4.4%	5.5%	7.2%
		Median	4.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.0%	4.0%	4.0%	4.0%	-5.0%	3.0%	5.0%	6.0%	9.0%	6.0%	6.0%	8.0%	7.0%	5.0%	5.0%	5.0%	4.9%	6.4%
		%>0	85%	89%	92%	87%	91%	92%	91%	91%	86%	81%	82%	86%	81%	28%	59%	85%	90%	93%	90%	90%	90%	80%	79%	63%	76%	83%	83%
		standard deviation	3.7%	4.4%	3.9%	4.0%	4.1%	4.6%	5.0%	4.3%	4.4%	5.1%	4.9%	3.9%	4.7%	12.7%	10.6%	12.4%	7.1%	7.5%	6.9%	6.3%	8.0%	9.1%	7.1%	9.8%	6.9%	6.2%	7.7%
	Earnings		7.3%	8.7%	7.9%	8.4%	9.8%	10.3%	8.1%	7.3%	7.1%	6.1%	5.6%	6.0%	6.0%	-18.7%	3.7%	13.8%	12.8%	13.6%	12.6%	9.6%	9.2%	8.4%	6.4%	2.9%	5.4%	8.6%	8.5%
			8.0%	8.0%	7.5%	8.0%	8.0%	10.0%	8.0%	8.0%	7.0%	6.0%	5.0%	5.0%	5.0%	-10.0%	5.0%	10.0%	10.0%	10.0%	8.0%	8.0%	9.0%	9.0%	7.0%	3.5%	5.0%	7.3%	7.4%
			89%	88%	90%	86%	88%	94%	89%	85%	82%	80%	80%	83%	82%	27%	63%	85%	86%	86%	85%	82%	84%	74%	71%	59%	65%	81%	76%
			5.6%	8.6%	5.7%	7.5%	7.7%	7.0%	5.8%	6.2%	4.4%	7.4%	7.0%	6.6%	6.9%	26.9%	16.5%	25.0%	13.4%	14.1%	14.0%	11.5%	8.7%	12.3%	12.0%	12.9%	13.4%	11.7%	12.4%
Investment	Dividends		3.8%	3.7%	3.8%	3.8%	4.7%	4.8%	7.4%	4.5%	3.9%	3.7%	3.9%	4.3%	3.7%	-4.8%	1.1%	2.5%	3.3%	4.0%	3.8%	3.7%	3.9%	4.0%	4.0%	3.1%	2.4%	3.7%	3.6%
			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.0%	0.0%	0.5%	0.0%	2.0%	1.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.0%	0.0%	1.5%	0.0%	0.0%	0.0%	0.0%	0.2%	0.4%
			43%	46%	43%	45%	49%	47%	51%	43%	44%	50%	48%	55%	54%	26%	34%	45%	45%	52%	47%	47%	54%	46%	47%	41%	41%	42%	47%
			4.7%	5.5%	6.0%	5.8%	6.6%	6.3%	12.8%	4.7%	6.6%	4.6%	4.6%	5.5%	4.3%	13.7%	4.5%	4.2%	5.0%	5.6%	5.9%	4.9%	4.8%	5.8%	6.0%	6.2%	3.6%	5.8%	5.3%
	Capital spending		10.5%	9.0%	7.3%	6.5%	11.0%	10.4%	9.4%	5.0%	5.9%	7.7%	3.6%	3.7%	2.3%	-12.3%	0.2%	8.0%	10.2%	12.4%	8.8%	11.5%	11.3%	11.2%	4.3%	4.0%	5.7%	6.8%	8.6%
			5.0%	5.0%	4.5%	3.0%	5.0%	5.0%	5.0%	2.0%	3.0%	2.0%	2.0%	0.0%	2.0%	-5.0%	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.5%	0.0%	5.0%	3.7%	4.3%
			66%	66%	61%	59%	70%	73%	70%	58%	58%	57%	53%	49%	56%	26%	41%	61%	69%	80%	73%	66%	71%	57%	56%	49%	61%	60%	64%
			20.9%	17.8%	14.2%	12.2%	14.9%	12.2%	14.3%	10.6%	9.7%	14.0%	9.1%	14.0%	9.4%	20.4%	14.4%	18.8%	14.8%	16.8%	9.1%	14.5%	14.3%	18.4%	10.7%	12.0%	9.8%	13.8%	13.2%
Talent	Number of domestic personnel		2.1%	2.1%	2.6%	2.0%	3.1%	3.2%	2.7%	3.2%	2.1%	1.9%	1.6%	1.1%	1.2%	-6.0%	0.2%	1.7%	2.7%	4.1%	4.8%	5.8%	5.3%	5.3%	2.6%	2.1%	2.3%	2.0%	4.0%
			1.0%	2.0%	2.0%	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%	1.0%	1.0%	1.0%	0.0%	0.0%	0.0%	1.0%	2.0%	3.0%	3.0%	5.0%	4.0%	4.5%	2.0%	1.0%	2.0%	1.2%	3.1%
			57%	62%	59%	54%	66%	65%	66%	61%	64%	54%	56%	54%	44%	19%	41%	51%	60%	75%	72%	82%	81%	79%	61%	56%	62%	56%	71%
			1.9%	2.7%	3.8%	3.3%	4.4%	4.4%	3.7%	4.5%	3.3%	3.5%	3.5%	3.5%	3.7%	13.7%	4.9%	3.8%	3.5%	3.9%	5.6%	6.1%	5.4%	6.1%	4.3%	4.5%	3.8%	4.7%	5.0%

CFOs' own-company optimism[2,3] and equity market performance

		1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	Survey mean	2-year mean
Optimism	Optimism (% more optimistic)	59.9%	54.6%	45.6%	52.4%	59.4%	48.5%	48.5%	26.5%	32.3%	30.4%	26.2%	29.9%	38.1%	10.9%	58.7%	56.8%	67.2%	75.0%	66.7%	48.5%	38.1%	26.8%	18.8%	19.8%	31.5%	43.6%	40.7%
	Neutrality (% no change)	30.3%	34.8%	38.1%	42.2%	34.8%	42.1%	39.4%	50.4%	51.9%	48.7%	42.4%	51.0%	48.3%	23.7%	25.8%	32.4%	29.7%	20.0%	26.0%	37.7%	44.3%	35.1%	44.6%	39.7%	49.5%	35.3%	37.1%
	Pessimism (% less optimistic)	9.9%	10.6%	16.3%	5.4%	5.8%	9.4%	12.1%	23.1%	15.8%	20.9%	31.4%	19.1%	13.6%	65.4%	15.5%	10.8%	3.1%	5.0%	7.3%	13.8%	17.5%	38.1%	36.6%	40.5%	18.9%	21.3%	22.2%
	Net optimism (% more optimistic minus % less optimistic)	50.0%	43.9%	29.4%	46.9%	53.5%	39.2%	36.4%	3.4%	16.5%	9.5%	-5.2%	10.9%	24.5%	-54.5%	43.2%	46.0%	64.1%	70.0%	59.4%	34.7%	20.6%	-11.3%	-17.9%	-20.6%	12.6%	22.3%	18.4%
Equities	S&P 500 price at survey period midpoint	2,316	2,391	2,441	2,582	2,732	2,728	2,833	2,722	2,776	2,881	2,919	3,120	3,380	2,848	3,328	3,573	3,935	4,233	4,436	4,682	4,475	3,991	4,140	3,957	4,136	2,468	4,256
	S&P gain/loss QoQ	6.4%	3.2%	2.1%	5.8%	5.8%	-0.1%	3.8%	-3.9%	2.0%	3.8%	1.3%	7.0%	8.3%	-15.7%	16.9%	7.4%	10.1%	7.6%	4.8%	10.6%	-4.4%	-10.8%	3.7%	-4.4%	4.5%	2.9%	0.8%
	U.S. equity valuations (% who say overvalued)	80.3%	78.0%	83.1%	84.4%	75.5%	63.4%	70.5%	65.3%	45.6%	64.2%	63.4%	76.7%	83.0%	55.1%	83.9%	80.3%	82.8%	86.2%	82.1%	87.7%	72.2%	42.7%	30.0%	30.0%	36.0%	66.0%	58.4%

1 All means have been adjusted to eliminate the effects of stark outliers. The "survey mean" column contains arithmetic means since 2Q10.

2 Standard deviation of data winsorized to 5th/95th percentiles.

3 Averages for optimism numbers may not add to 100% due to rounding.

Please contact nacfosurvey@deloitte.com for data as far back as 2Q10.

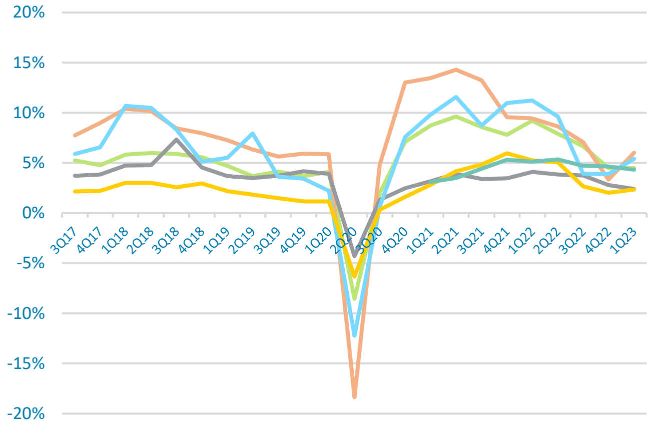
North America country trends—Expectations, sentiment, and selected highlights

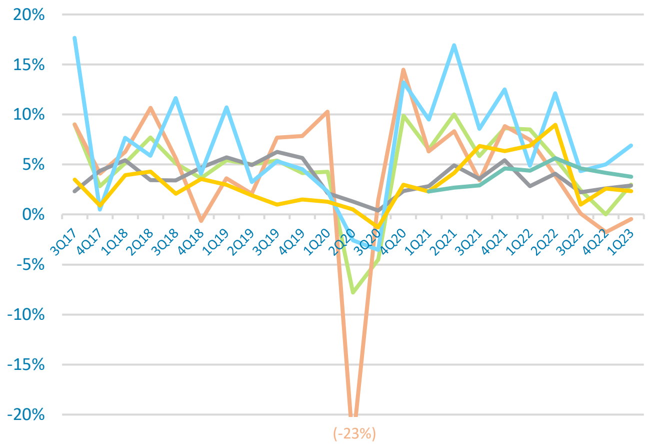
U.S.

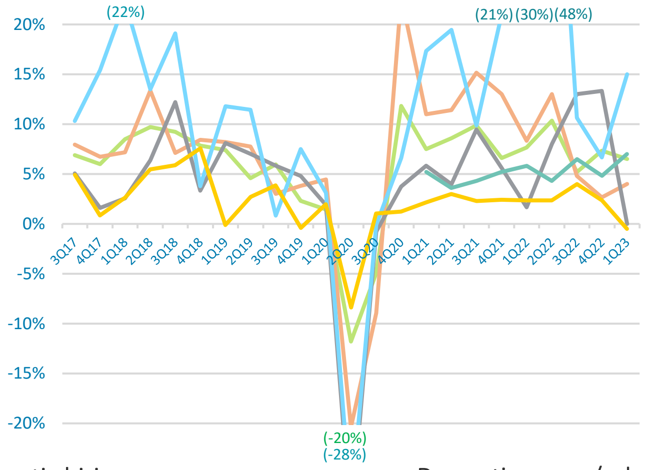
Canada

Mexico

Growth expectations (year-over-year)

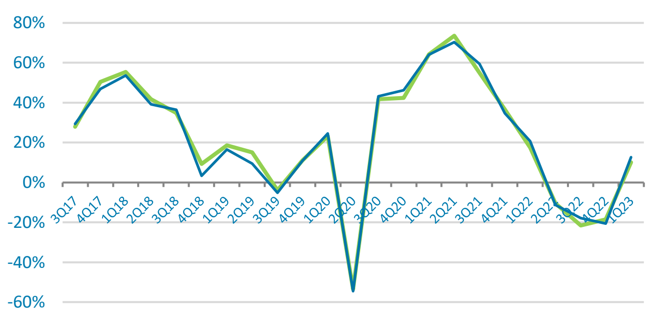


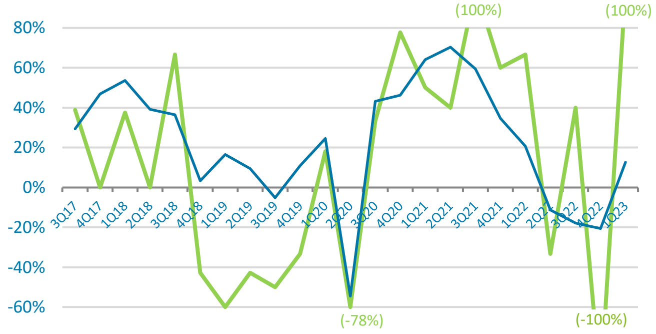




Revenue | Earnings | Capital investment | Dividends | Domestic hiring | Domestic wages/salaries

Net optimism (vs. cross-industry average)





Country | Cross-country average

Selected highlights

U.S.

Composition: Broad mix of industries, with highest representation from Manufacturing (24%), Financial Services (18%), and Services (18%). Other industry representation: Retail/Wholesale (13%), Healthcare/Pharma (11%), Technology (10%), Energy/Resources (5%), and Telecom/Media/Entertainment (1%). Sixty-four percent of respondents are from public companies.

This quarter longitudinal: Net optimism rose slightly, to +10 from -19 in 4Q22. Year-over-year growth expectations for revenue remained unchanged at 4.5% from 4Q22. Earnings growth increased to 6.0% from 3.3% in 4Q22. Growth expectations for capital investment increased to 5.4% from 3.9%, and dividends dipped to 2.4% from 2.8% in 4Q22. CFOs' growth expectations for domestic hiring increased to 2.3% from 2.0%. Their growth expectations for domestic wages/salaries fell, to 4.3% from 4.6% in 4Q22.

Canada

Composition: Largely Financial Services (45%), followed by Manufacturing (22%), Energy/Resources (22%), and Technology (11%) organizations. Forty-four percent of the respondents are from public companies.

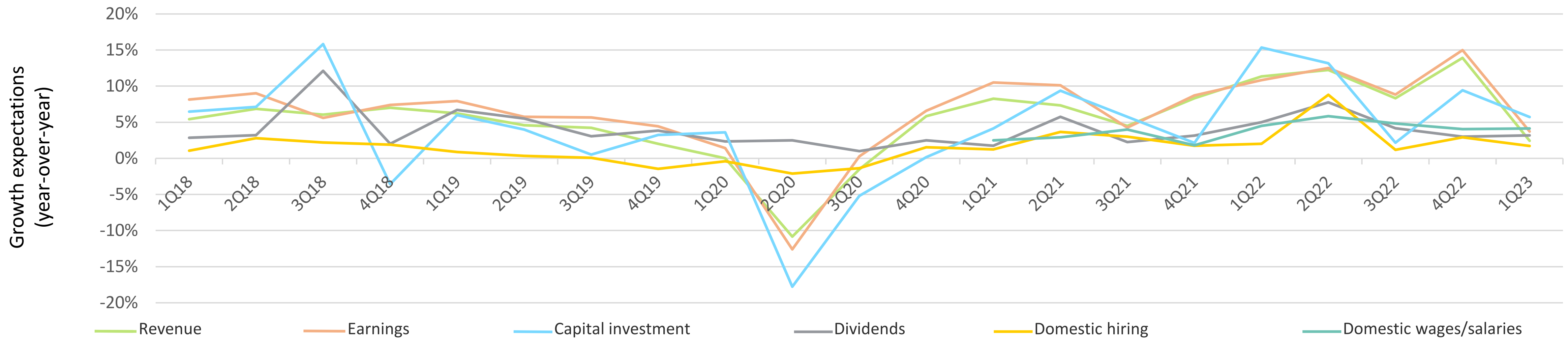
This quarter longitudinal: Net optimism among CFOs of Canadian-based companies increased, to +22 from the prior quarter's -20. It's important to note the sample size of nine, compared to 10 in 4Q22. Year-over-year growth expectations for revenue and earnings both increased, to 3.0% and -0.4% from 0% and -1.8%, respectively in 4Q22. Growth expectations for dividends and capital investment both increased, to 2.9% and 6.9% from 2.6% and 5.0%, respectively in 4Q22. Expectations for growth in domestic hiring declined from the prior quarter, to 2.3% from 2.6%. Domestic wage/salaries fell to 3.8% from 4.2% in 4Q22.

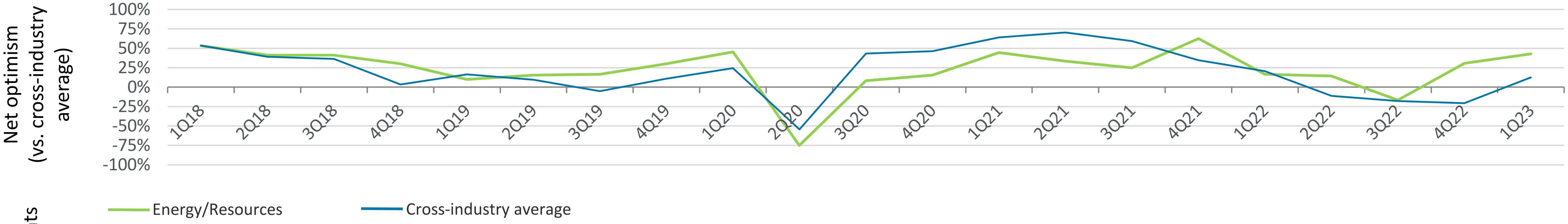
Mexico

Composition: Consists of Manufacturing (50%) and Healthcare/Pharma (50%). All respondents are from public companies.

This quarter longitudinal: Net optimism among CFOs of companies based in Mexico saw a notable increase to +100 from 4Q22's -100. It's important to note the sample size of two, the same as in 4Q22. Respondents' year-over-year growth expectations for revenue decreased to 6.5% from 7.3% in 4Q22. Earnings growth expectations increased to 4.0% from 2.7% last quarter. Expected dividend growth declined significantly to 0% from 13.3% in 4Q22. Growth expectations for domestic hiring decreased to -0.5% from 2.3%, while growth expectations for domestic wages/salaries increased to 7.0% from 4.8% in 4Q22. CFOs' expectations for growth in capital investment rose to 15.0% from 6.7% in 4Q22.

Energy/Resources trends—Expectations, sentiment, and selected highlights





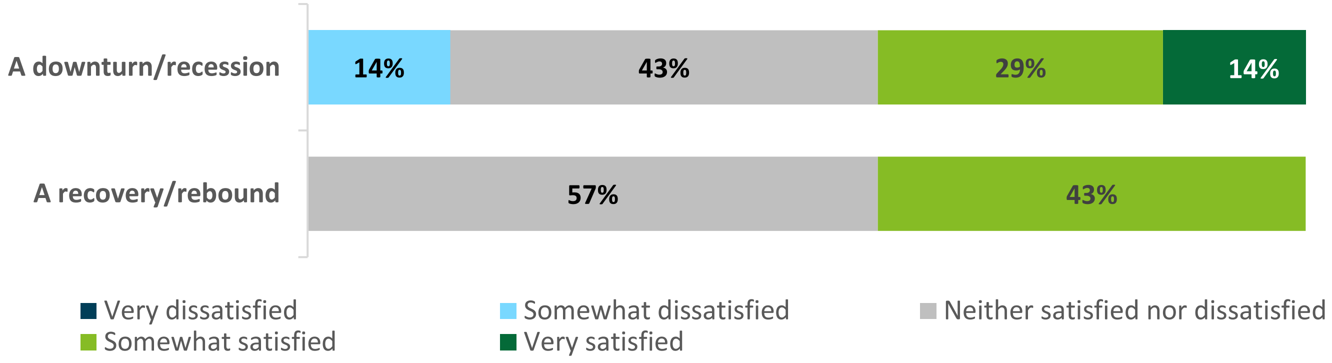
Selected highlights

Composition: Respondent base was comprised mostly of power and utilities (57%), with the remaining companies from oil, gas, and mining; 71% of respondents are from public companies.

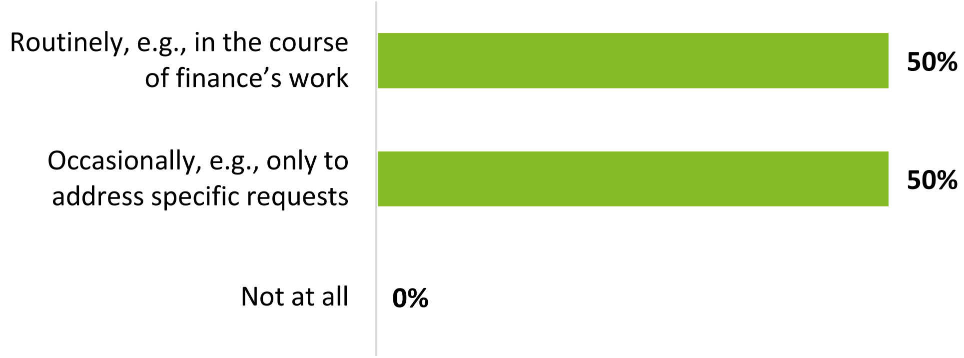
Sentiment/expectations: Net optimism among Energy/Resources CFOs increased, to +43 from 4Q22's +31. More than half (57%) of respondents indicated that their optimism was broadly unchanged. Year-over-year growth expectations for revenue and earnings significantly decreased to 2.4% and 3.7%, respectively, from 13.9% and 15.0% in 4Q22. Growth expectations for capital investment declined to 5.7% from 4Q22's 9.4%, while dividend growth expectations rose marginally, to 3.2% from 3.0% in 4Q22. Growth expectations for domestic hiring fell to 1.7% from 2.9%, while growth expectations for domestic wages/salaries remained unchanged at 4.1% from the prior quarter.

Energy/Resources—Data and insights for decision-making

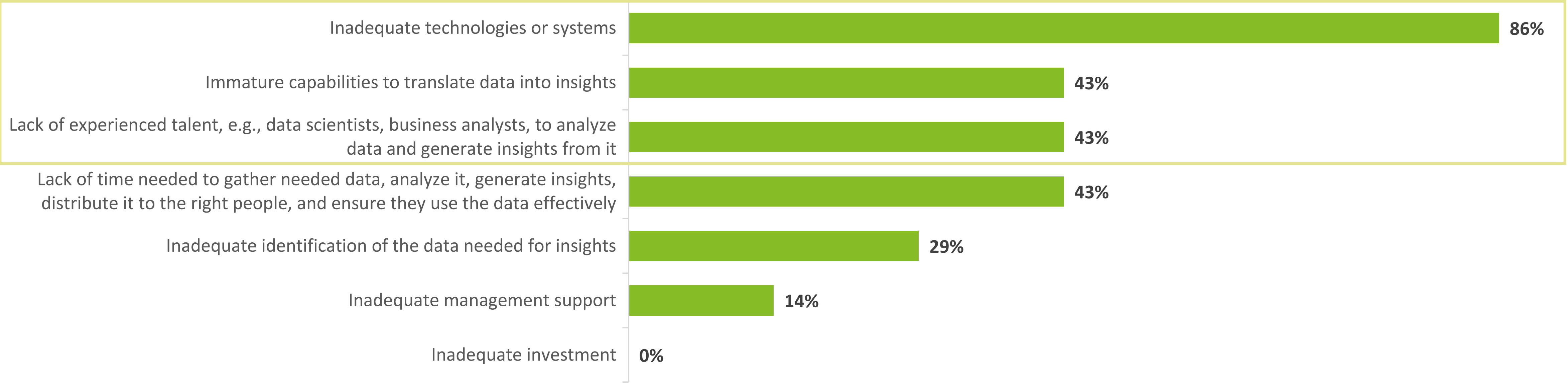
How satisfied are you with your company's decision-making to plan for a downturn/recession and a recovery/rebound: (N=7)



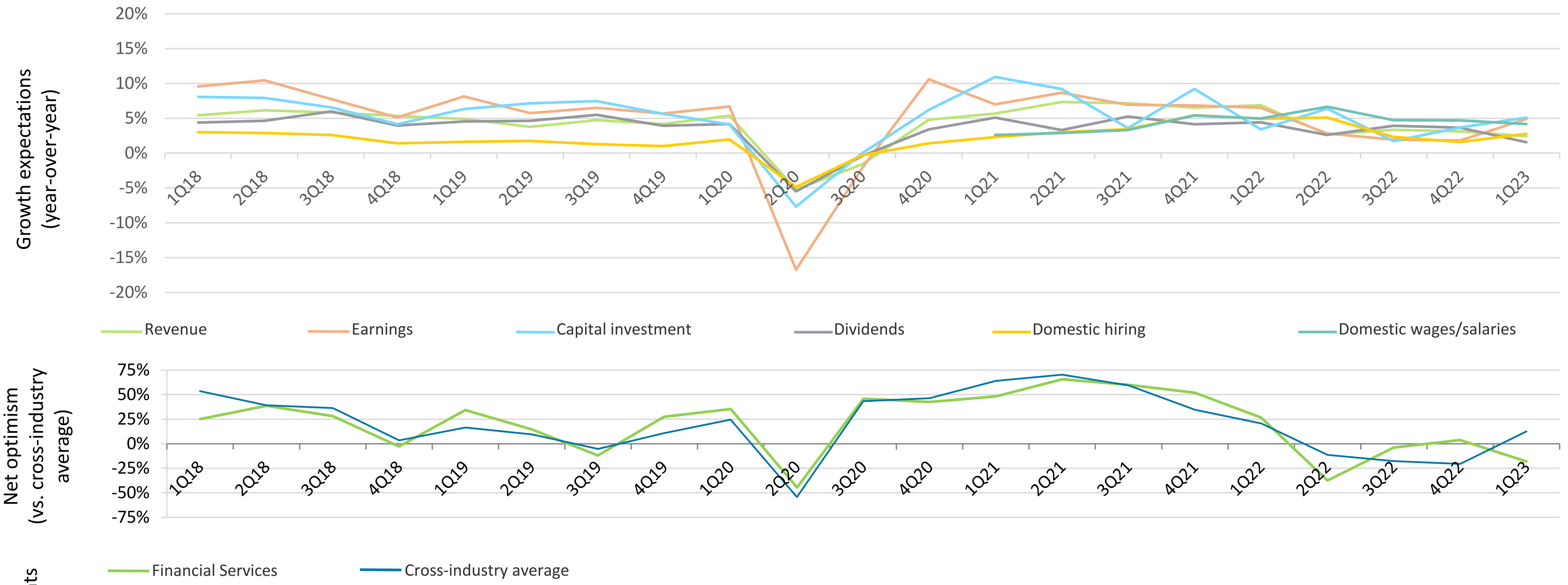
How often does your finance organization work with your Chief Data Officer or equivalent? (N=2) *Results exclude "Not Applicable" responses*.



As you plan for the remainder of 2023 and 2024, what are your three greatest challenges to driving *data to insights*? (N=7)



Financial Services trends—Expectations, sentiment, and selected highlights



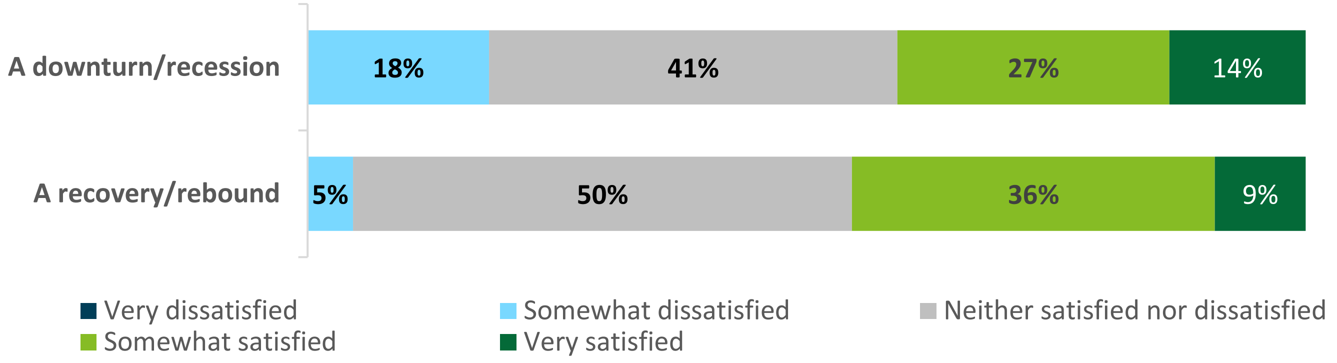
Selected highlights

Composition: Respondent base is comprised of insurance (27%), investment management (27%), real estate (23%), and banking and securities (23%). Forty-one percent of respondents are from public companies.

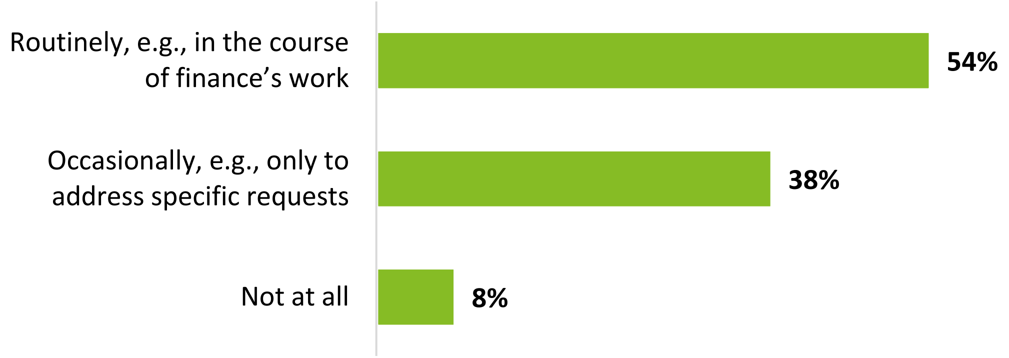
Sentiment/expectations: Net optimism among this industry's CFOs fell significantly to -18 from last quarter's +4. More than half (55%) of respondents indicated that their optimism was broadly unchanged. Revenue growth expectations on a year-over-year basis decreased slightly this quarter, to 2.4% % from 3.1%. However, earnings growth expectations increased considerably, to 4.9% from 1.8% in 4Q22. Expectations for growth in dividends fell to 1.6% this quarter from 3.7%, while capital investment growth expectations increased to 5.1% from 3.7% in 4Q22. Growth expectations for domestic hiring increased to 2.8% from 4Q22's 1.6%. Domestic wages/salaries growth expectations declined to 4.2% from 4.7% in 4Q22.

Financial Services—Data and insights for decision-making

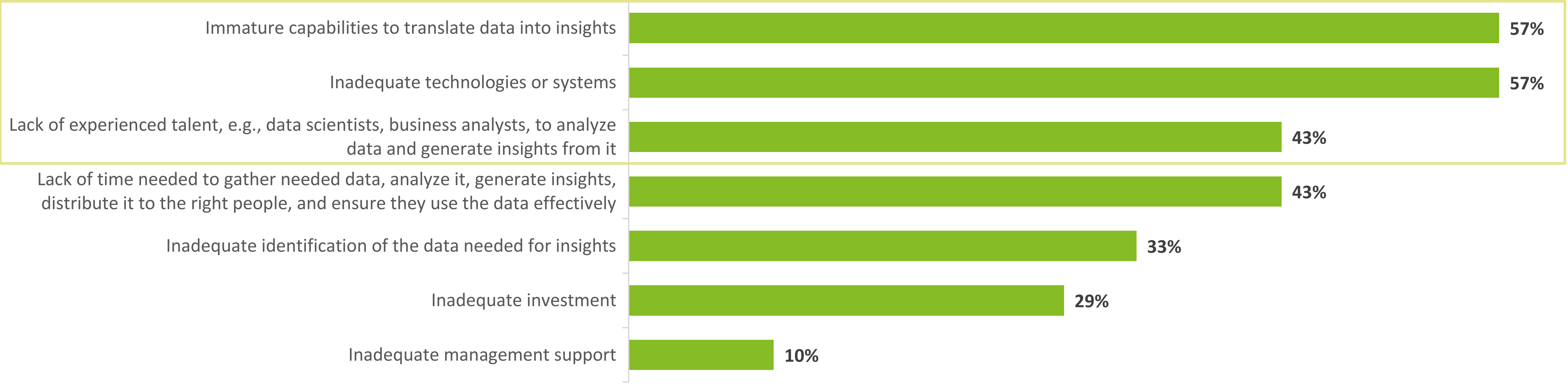
How satisfied are you with your company's decision-making to plan for a downturn/recession and a recovery/rebound: (N=22)



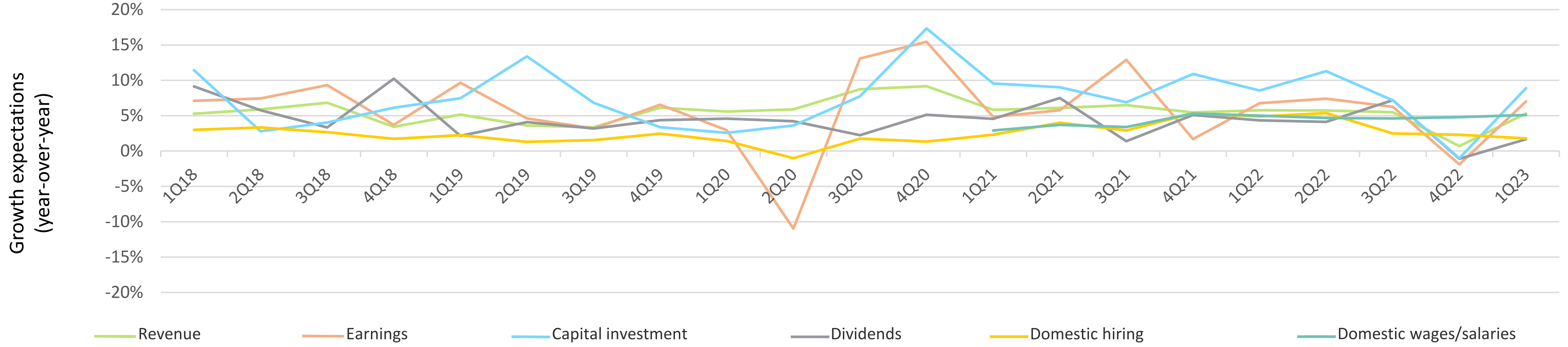
How often does your finance organization work with your Chief Data Officer or equivalent? (N=13) *Results exclude "Not Applicable" responses*.

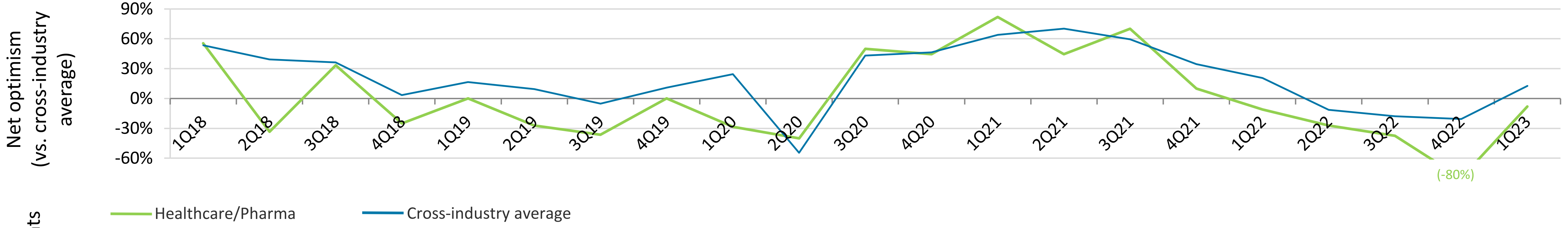


As you plan for the remainder of 2023 and 2024, what are your three greatest challenges to driving *data to insights*? (N=21)



Healthcare/Pharma trends—Expectations, sentiment, and selected highlights





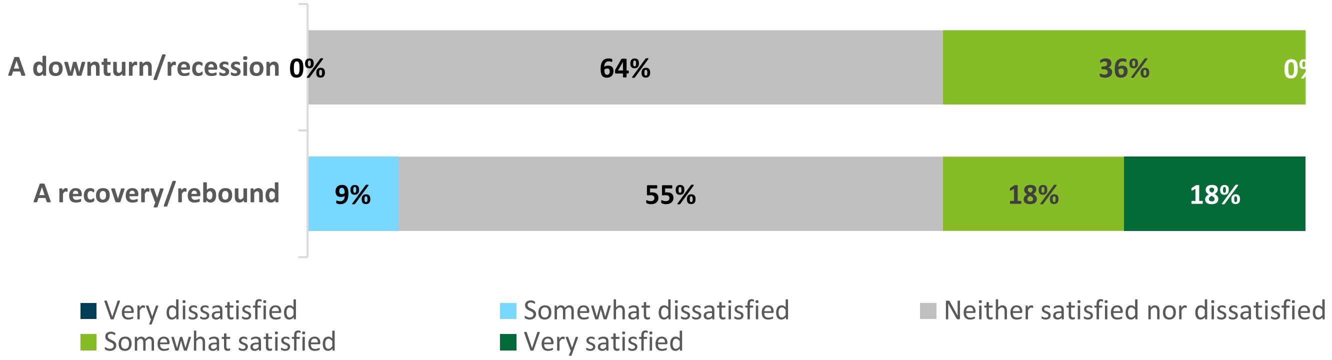
Selected highlights

Composition: Respondent base is made up of 58% healthcare providers and 42% life sciences and pharmaceuticals. Fifty-eight percent of respondents are from public companies.

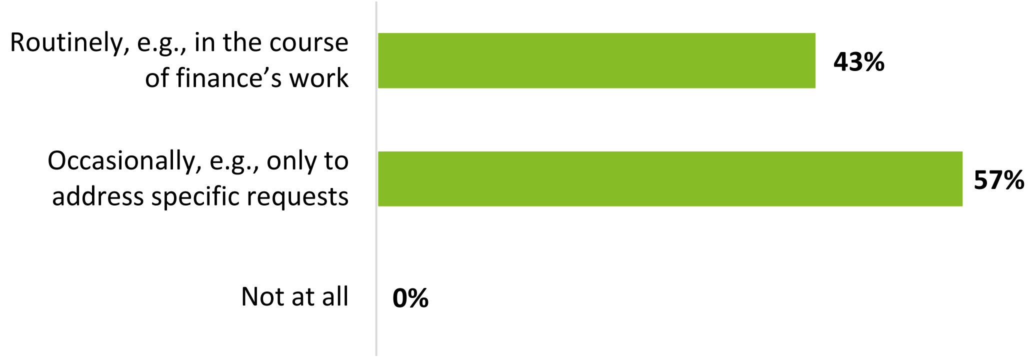
Sentiment/expectations: Net optimism among this industry's CFOs increased significantly, to -8 from 4Q22's -80. In addition, CFOs' expectations for revenue and earnings growth on a year-over-year basis increased to 5.3% and 7.0% from 0.7% and -1.9% in 4Q22, respectively. Growth expectations for capital investment jumped to 8.9% from -1.0% in 4Q22, while expectations for growth in dividends increased to 1.7% from -1.1%. Expectations for domestic hiring growth dropped to 1.8% from 2.3%. CFOs' expectations for growth in domestic wages/salaries increased marginally, to 5.1% from 4.8% in the prior quarter.

Healthcare/Pharma—Data and insights for decision-making

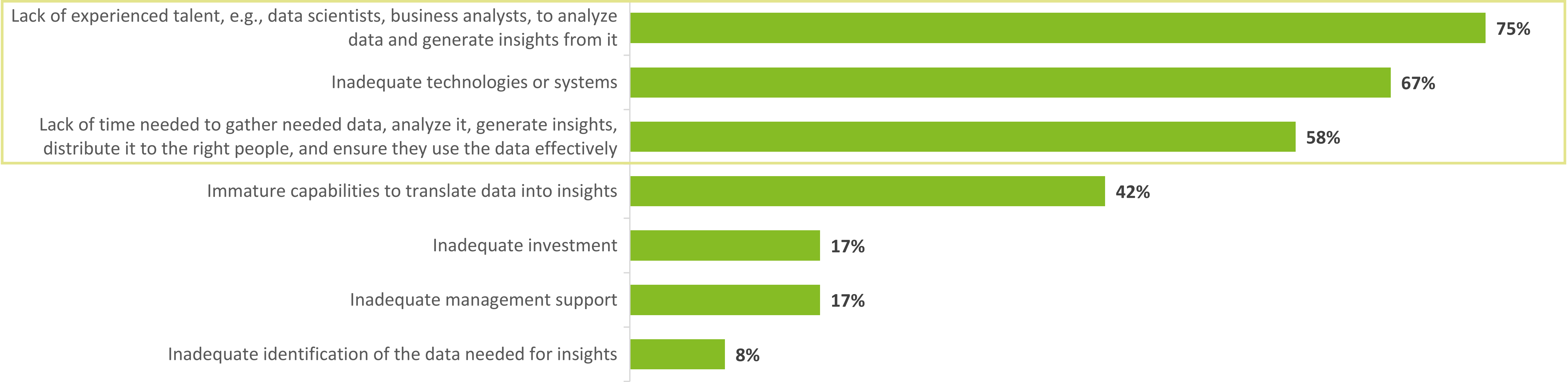
How satisfied are you with your company's decision-making to plan for a downturn/recession and a recovery/rebound: (N=11)



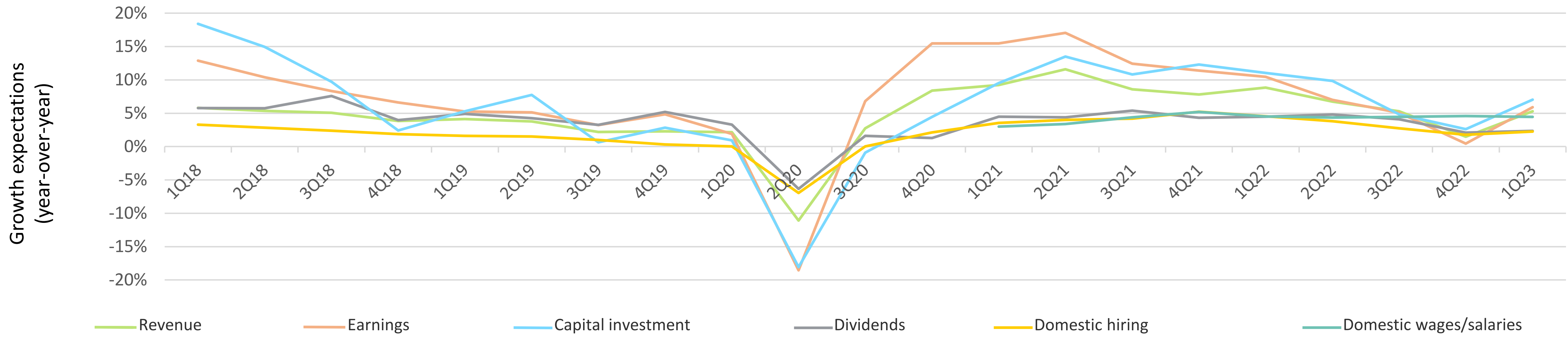
How often does your finance organization work with your Chief Data Officer or equivalent? (N=7) *Results exclude "Not Applicable" responses.*

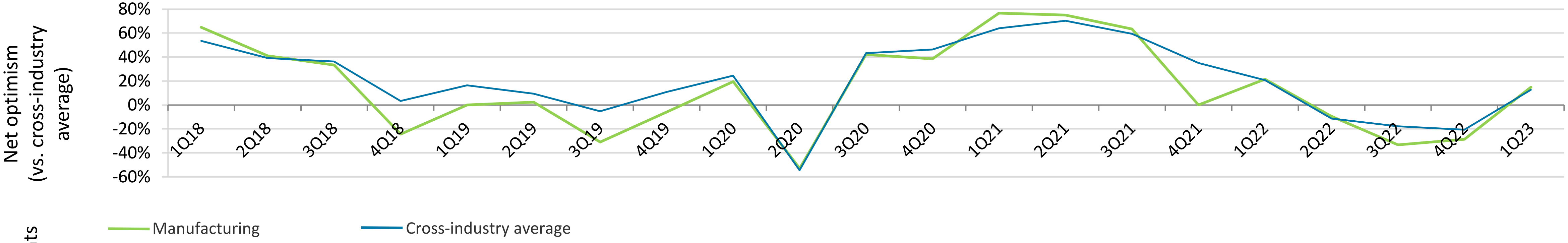


As you plan for the remainder of 2023 and 2024, what are your three greatest challenges to driving *data to insights*? (N=12)



Manufacturing trends—Expectations, sentiment, and selected highlights





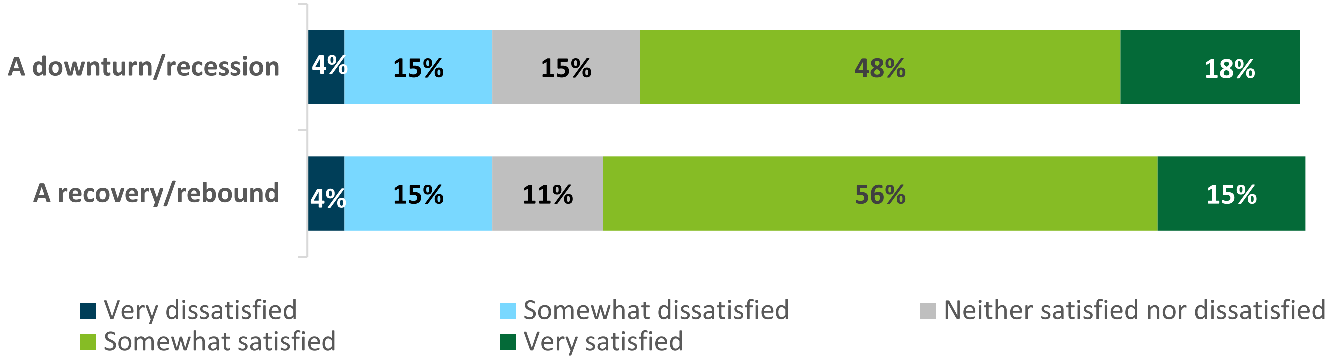
Selected highlights

Composition: The majority (96%) of respondents are manufacturers of consumer products, industrial products, construction materials, and chemicals. The remaining respondents this quarter come from agriculture. More than two-thirds (67%) of respondents are from public companies.

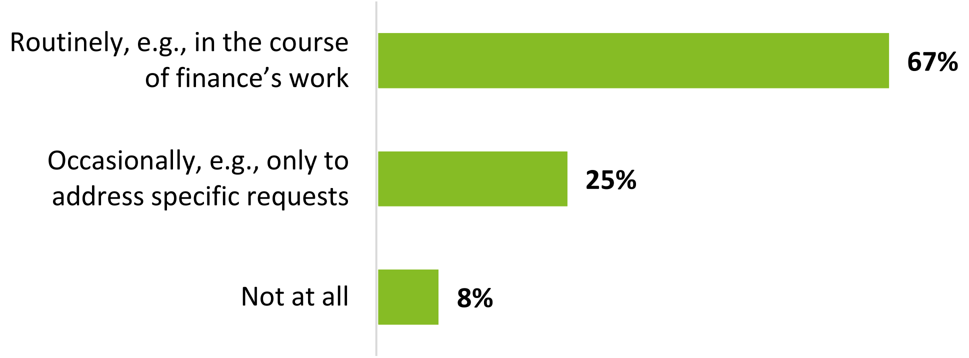
Sentiment/expectations: Net optimism among Manufacturing CFOs improved considerably to +15 from last quarter's -29. Furthermore, CFOs increased their year-over-year expectations for growth in revenue to 5.3% from 1.5% in 4Q22. Expectations for growth in earnings also rose, to 5.9% from 0.5% in the prior quarter. In addition, CFOs increased their growth expectations for capital investment, to 7.0% from 4Q22's 2.6%. Dividend growth expectations increased, to 2.4% from 2.1% in the previous quarter. Expectations for domestic hiring growth increased as well, to 2.3% from 1.8% in 4Q22, while wages/salaries growth expectations decreased negligibly, to 4.5% from 4Q22's 4.6%.

Manufacturing —Data and insights for decision-making

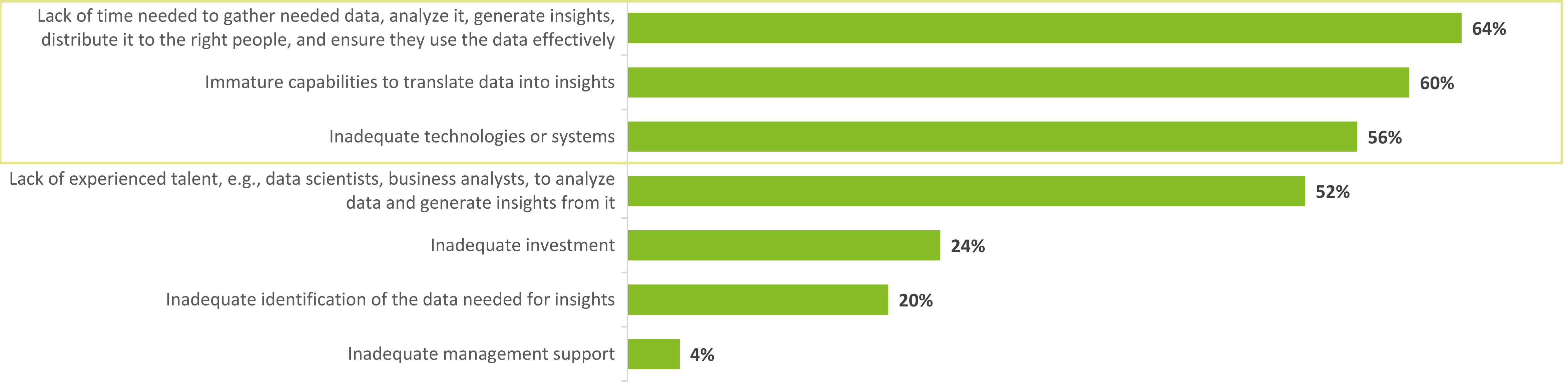
How satisfied are you with your company's decision-making to plan for a downturn/recession and a recovery/rebound: (N=27)



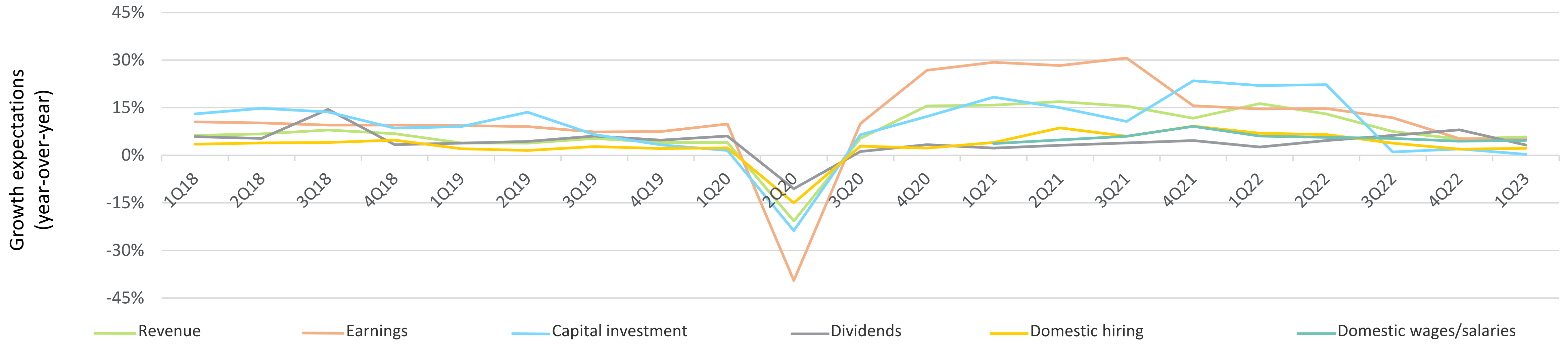
How often does your finance organization work with your Chief Data Officer or equivalent? (N=12) *Results exclude "Not Applicable" responses*.



As you plan for the remainder of 2023 and 2024, what are your three greatest challenges to driving *data to insights*? (N=25)



Retail/Wholesale trends—Expectations, sentiment, and selected highlights



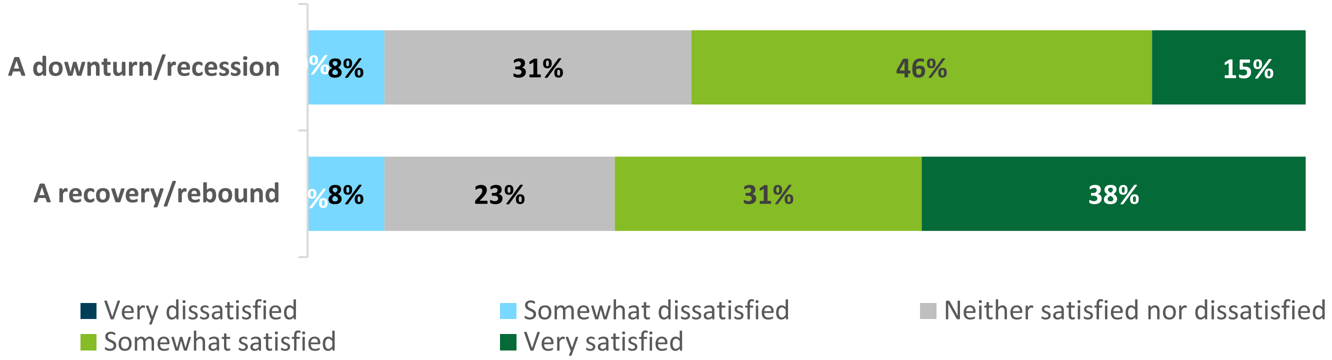
Selected highlights

Composition: Respondents are from a broad range of retail and wholesale (69%), tourism and hospitality companies (23%), and restaurants/food service (8%). Sixty-two percent of respondents are from public companies.

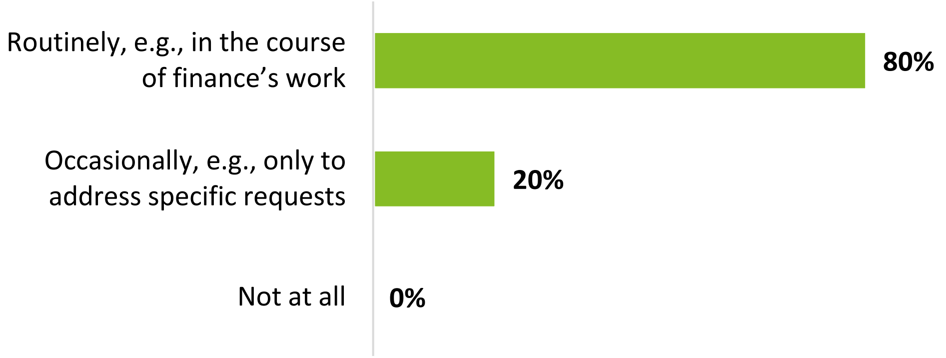
Sentiment/expectations: Net optimism increased to +8 from last quarter's -35. Retail/Wholesale CFOs' year-over-year growth expectations for revenue increased to 5.8% from 4Q22's 5.1%, while earnings growth expectations slightly dropped to 5.0% from 5.2%. Their growth expectations for capital investment and dividends fell to 0.3% and 3.2% from last quarter's 2.0% and 8.0%, respectively. Expectations for growth in domestic hiring and wages/salaries both rose, to 2.2% and 4.7%, respectively, from 1.9% and 4.4% in 4Q22.

Retail/Wholesale—Data and insights for decision-making

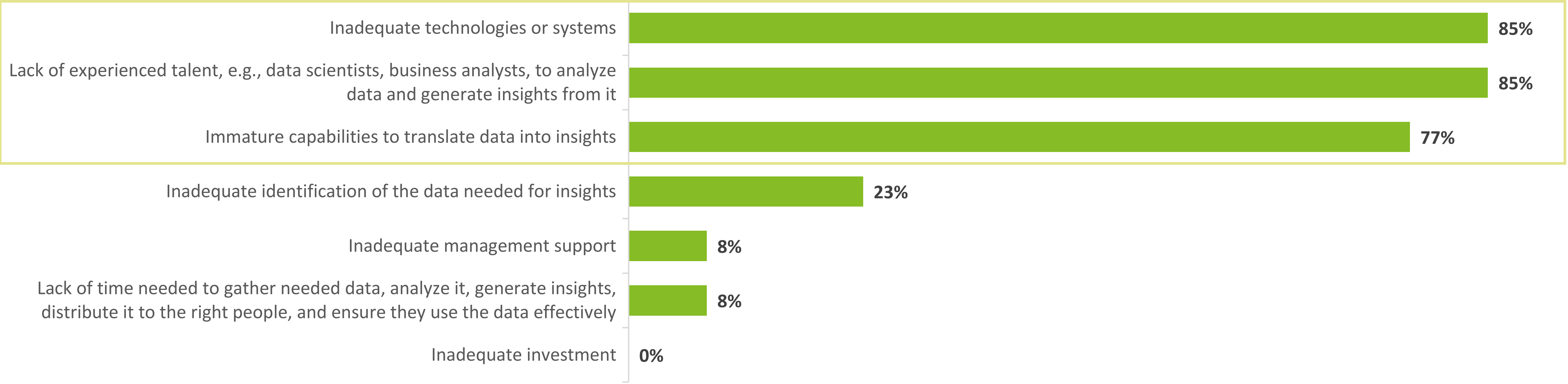
How satisfied are you with your company's decision-making to plan for a downturn/recession and a recovery/rebound: (N=13)



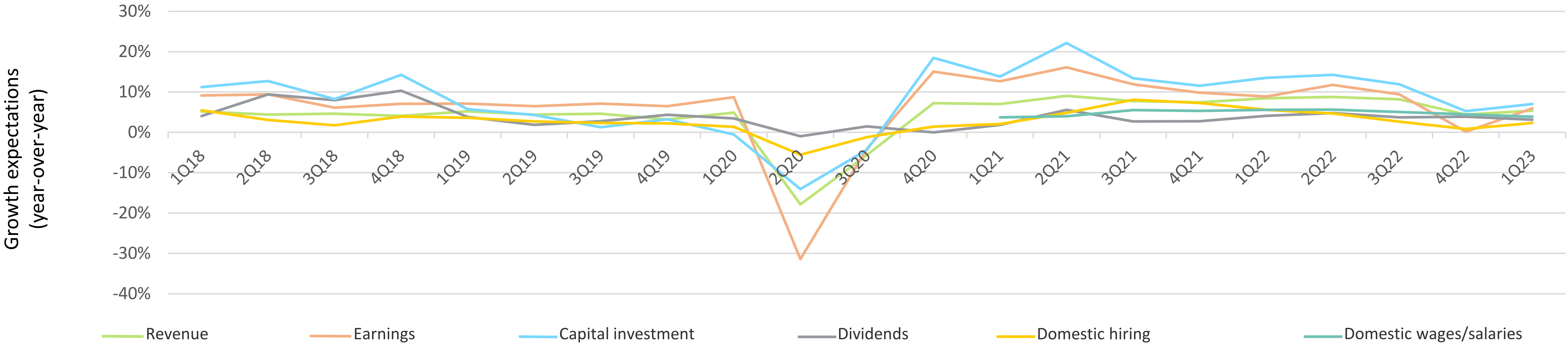
How often does your finance organization work with your Chief Data Officer or equivalent? (N=5) *Results exclude "Not Applicable" responses*.

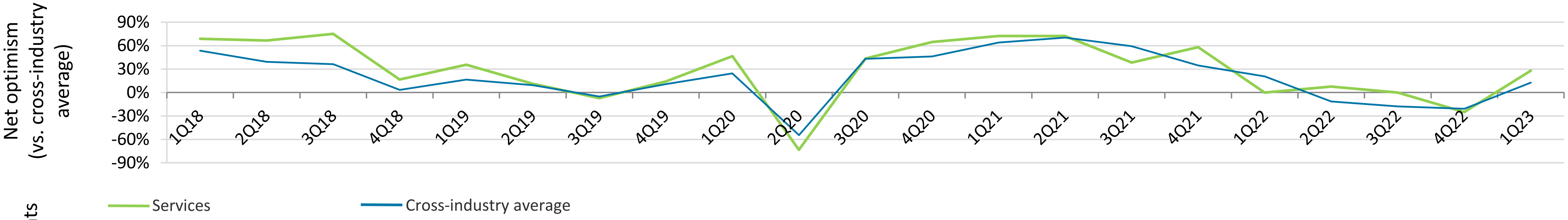


As you plan for the remainder of 2023 and 2024, what are your three greatest challenges to driving *data to insights*? (N=13)



Services trends—Expectations, sentiment, and selected highlights





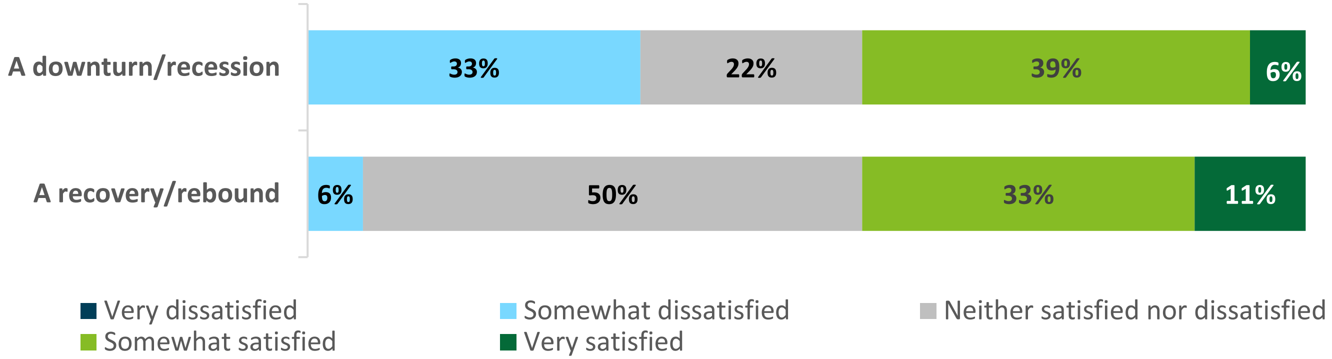
Selected highlights

Composition: Respondents are mostly from transportation, logistics, and support companies (56%), with the remaining respondents from engineering and construction, educational services, business information services, consumer services, and other support services. Seventy-two percent of respondents in this industry are from public companies.

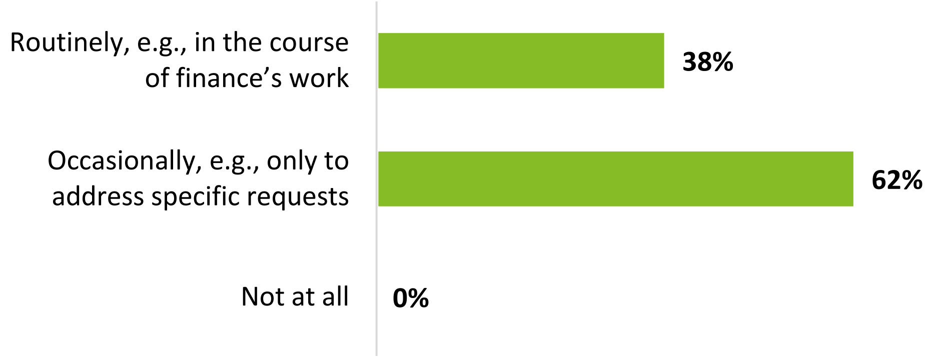
Sentiment/expectations: Net optimism increased significantly to +28 from last quarter's -25. Expectations for year-over-year revenue growth increased to 5.4% from 4.4%, in 4Q22, while earnings growth expectations increased to 5.9% from 0.2% in the previous quarter. Growth expectations for capital investment rose to 7.0% from 5.3%, and domestic hiring growth increased to 2.4% from 0.8% in 4Q22. Meanwhile, growth expectations for domestic wages/salaries fell to 3.9% from 4.5%. Dividend growth expectations also fell, to 3.1% from 3.9%.

Services—Data and insights for decision-making

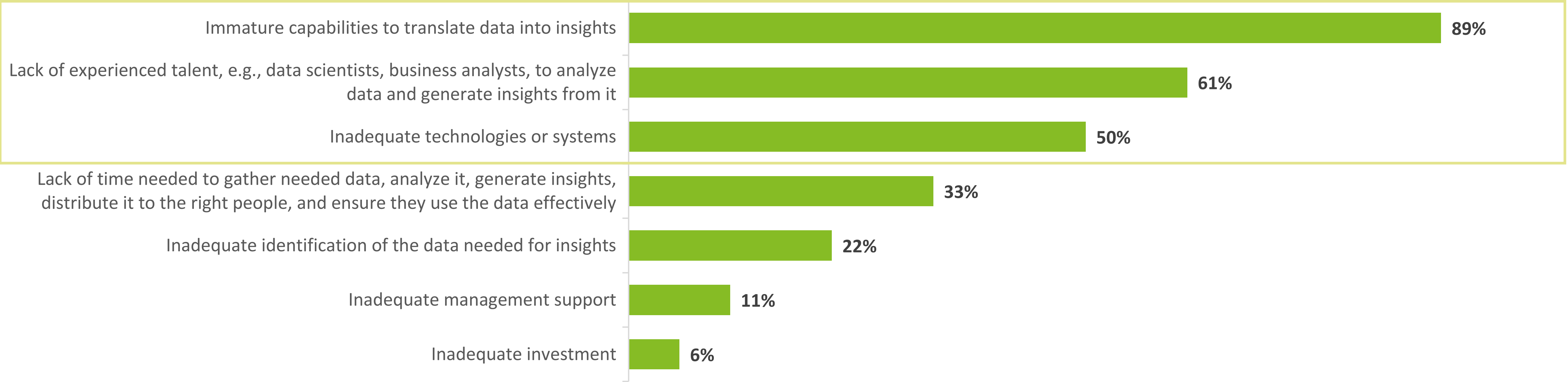
How satisfied are you with your company's decision-making to plan for a downturn/recession and a recovery/rebound: (N=18)



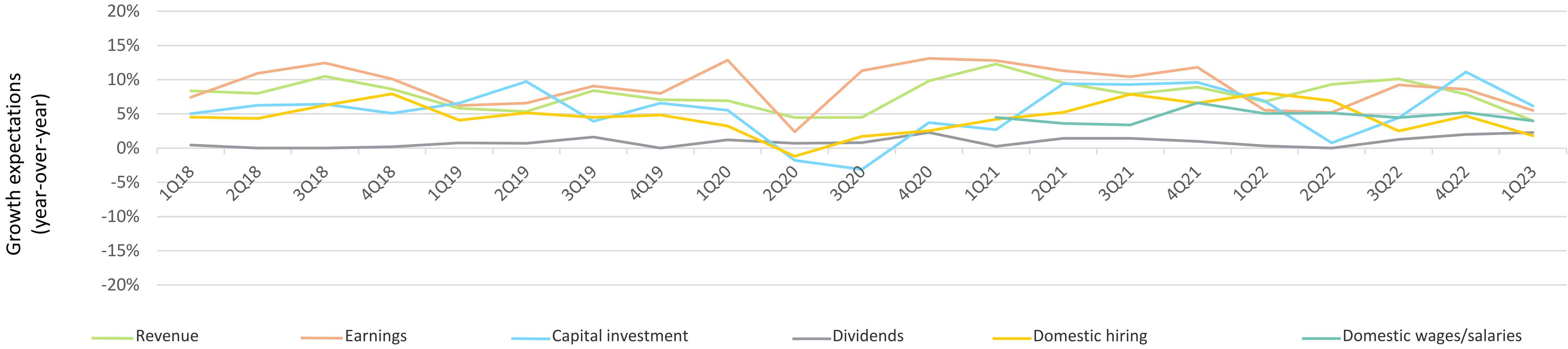
How often does your finance organization work with your Chief Data Officer or equivalent? (N=8) *Results exclude "Not Applicable" responses*.



As you plan for the remainder of 2023 and 2024, what are your three greatest challenges to driving *data to insights*? (N=18)



Technology trends—Expectations, sentiment, and selected highlights



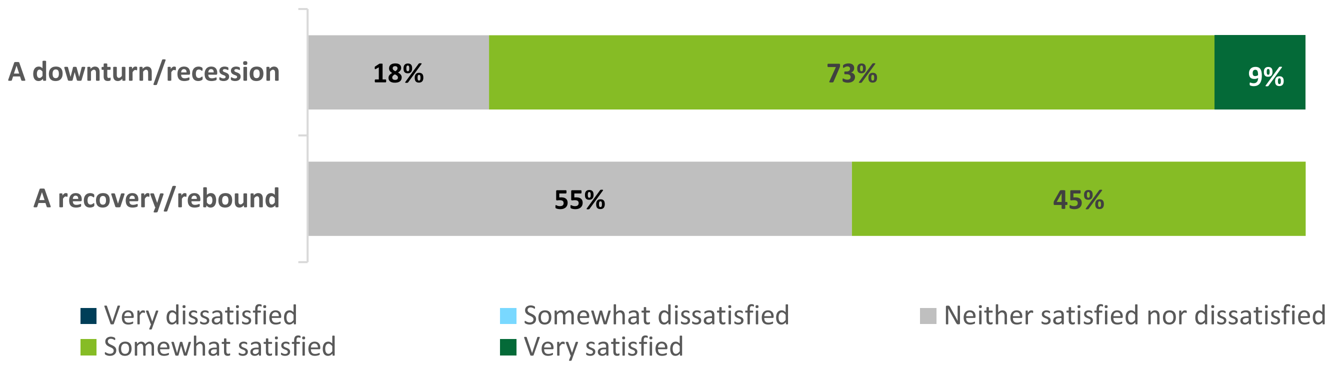
Selected highlights

Composition: Respondents consist of hardware, software, data processors, cloud technology, cyber security, industrial automation, and information technology companies. Eighty-two percent of the respondents are from public companies.

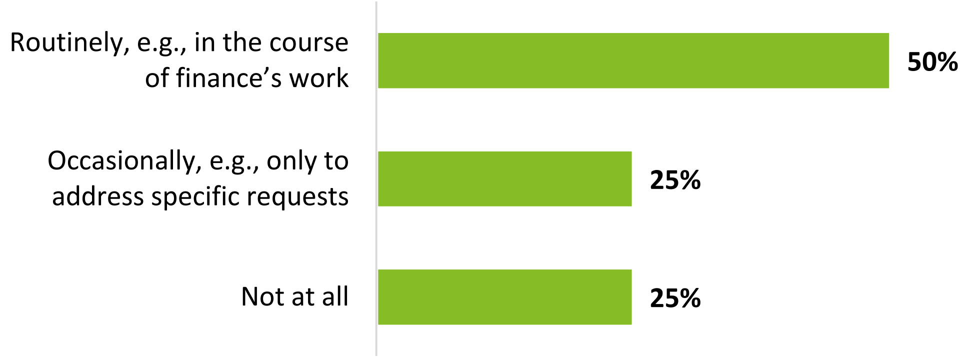
Sentiment/expectations: Net optimism among Technology industry CFOs increased significantly to +55 from -27 in 4Q22. Year-over-year growth expectations for revenue decreased to 4.0% from 7.9% in 4Q22, as they did for earnings, which decreased to 5.5% from 8.6% in the prior quarter. Growth expectations for capital investment decreased to 6.2% from 11.1% in 4Q22, while dividend growth expectations increased to 2.3% from 2.0% in the prior quarter. Domestic hiring and wages/salaries growth expectations also decreased from 4Q22, to 1.8% and 4.0%, respectively, from 4.7% and 5.2% in 4Q22.

Technology—Data and insights for decision-making

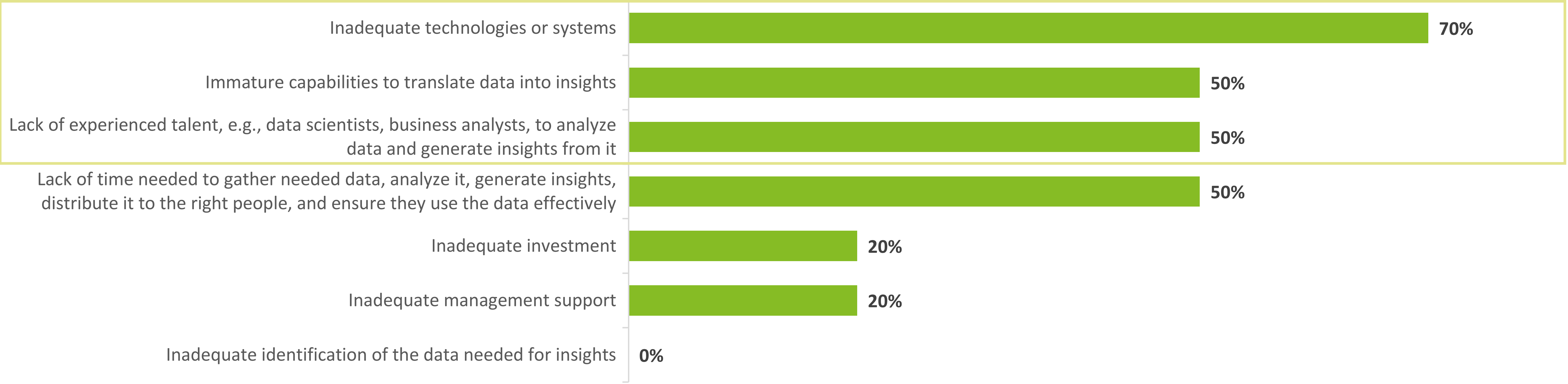
How satisfied are you with your company's decision-making to plan for a downturn/recession and a recovery/rebound: (N=11)



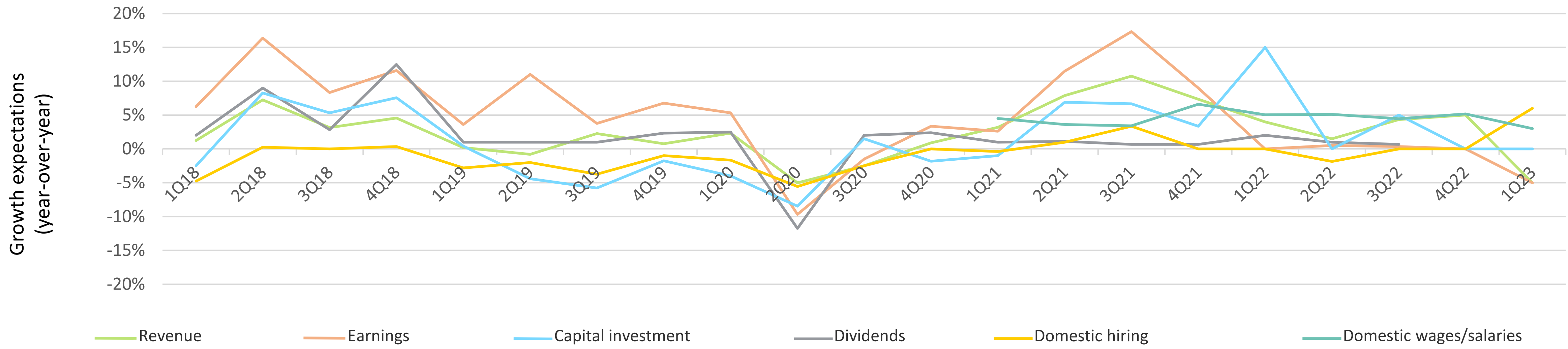
How often does your finance organization work with your Chief Data Officer or equivalent? (N=4) *Results exclude "Not Applicable" responses.*



As you plan for the remainder of 2023 and 2024, what are your three greatest challenges to driving *data to insights*? (N=10)



Telecom/Media/Entertainment trends—Expectations, sentiment, and selected highlights



Selected highlights

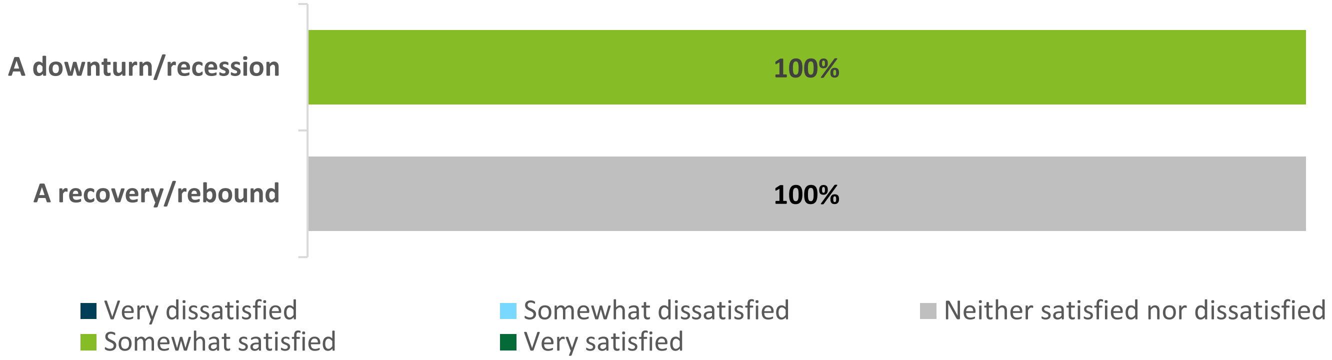
Composition: Respondent base is made up of one public telecommunications services company.

Sentiment/expectations: Net optimism increased to +0 from -100 in 4Q22, most likely due to the small base of respondents in this industry. Year-over-year expectations for growth in both revenue and earnings came in at -5.0% this quarter, compared to 5.0% for revenue and 0% for earnings in 4Q22. Growth expectations for capital investment remained unchanged, at 0% from the previous quarter. Domestic wages/salaries growth expectations also remained unchanged from 4Q22, at 3.0%. Growth expectations for domestic hiring increased to 6.0% from 0% in 4Q22.

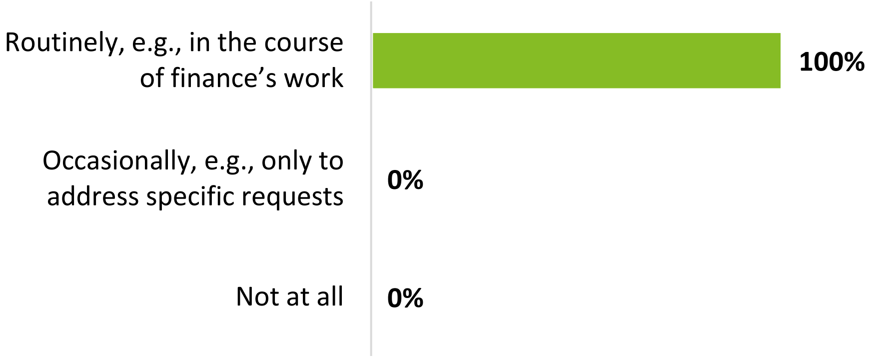
*Note: This industry had only one respondent in 1Q23 and 4Q22 who did not complete the dividend growth expectations question, therefore change in dividend growth does not appear in the chart above.

Telecom/Media/Entertainment—Data and insights for decision-making

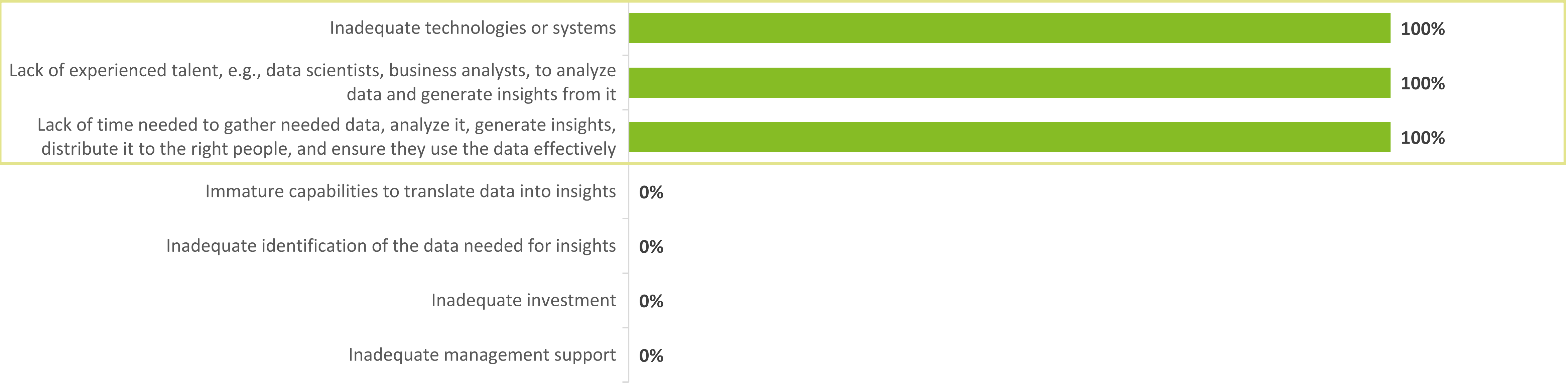
How satisfied are you with your company's decision-making to plan for a downturn/recession and a recovery/rebound: (N=1)



How often does your finance organization work with your Chief Data Officer or equivalent? (N=1) *Results exclude "Not Applicable" responses*.



As you plan for the remainder of 2023 and 2024, what are your three greatest challenges to driving *data to insights*? (N=1)



Sentiment: Most worrisome internal risks *(Responses to open-ended text questions)*

- Ability to attract and retain labor at reasonable rates.
- Ability to attract and retain talent.
- Ability to drive pricing.
- Ability to execute on multiple major initiatives concurrently
- Ability to retain competent, trained, and qualified employees.
- Ability to retain existing talent.
- Accountability.
- Agreeing on key priorities.
- Attraction and retention of labor.
- Attrition.
- Balancing need to cut costs with desire to maintain investments in key long-term growth initiatives.
- Balancing retaining top talent with managing headcount reductions.
- Being able to hire.
- Change in strategy.
- Change management.
- Change management.
- Cloud costs.
- Complacency.
- Complacency.
- Consistent execution in the supply chain.
- Continue to progress with a performance culture.
- Cost and availability of good human capital.
- Cost cutting.
- Costs.
- Cyber.
- Cyber.
- Cyber.
- Efficiency targets.
- Employee retention.
- Employee retention.
- Employee turnover.
- Employee turnover.
- Employee turnover.
- Ensuring we stay the course on expenses given continuing pressure on wage/benefit costs.
- Execution.
- Execution.
- Execution.
- Execution amidst dynamic environment.
- Execution and ensuring our human capital resources are allocated properly and [that we have] the right resources.
- Execution missteps on strategic projects as staffing levels are reduced in response to anticipated sales declines.
- Execution of our strategy.
- Execution of strategy.
- Execution on cost reduction, efficiency, and transformation initiatives.
- Execution risk.
- Fatigue.
- Finding and retaining quality staff.
- Flexibility to pivot quickly in the event of severe recession.
- Focus on execution.
- Generating productivity post supply chain challenges.
- Having the right resources.
- Headcount.
- Headcount turnover.
- Hiring.
- Hiring and retention.
- Hiring personnel.
- Inability to sell assets to generate capital for reinvestment back into the business.
- Insufficient caution at a time of great economic uncertainty/ financial risk.
- Investing in the areas that will drive maximum growth.
- Labor.
- Labor availability.
- Labor inflation and retention are key risks.
- Labor retention.
- Labor retention.
- Lack of available (production) capacity.
- Lack of available people.
- Lack of pace on digital.
- Lack of talent.
- Loss of key talent.
- Maintaining execution and growth.
- Maintaining momentum on corporate initiatives in a hybrid workplace.
- Net retention rate reduction.
- New product development.
- Operational risk related to change.
- Political agenda.
- Poor yielding R&D.
- Project execution.
- Prolonged lack of operational efficiency.
- R&D execution.
- Recruiting and retaining top talent.
- Remediation.
- Retaining staff.
- Retaining the spirit for continuous improvement.
- Retention.
- Retention.
- Return to the office / hybrid working.
- Revenue reduction.
- Rising labor prices.
- Risk-taking to hit a growth objective, hurting overall profitability and results.
- Salary increases.
- Scaled working from home.
- Security.
- Speed of execution.
- Staffing.
- Staffing and resources.
- Strategic execution.
- Succession planning.
- Succession readiness in the event of elevated retirement levels.
- Supply chain competence.
- Systems modernization project.
- Systems transformation.
- Talent.
- Talent.
- Talent.
- Talent.
- Talent - both keeping/maintaining, as well as replacing/hiring.
- Talent acquisition and retention.
- Talent attraction/retention.
- Talent attrition.
- Talent retention.
- Talent retention.
- Talent retention.
- Talent retention.
- Talent retention.
- Talent retention.
- Technology advancement.
- Transformation.
- Turnover.
- Turnover.
- Turnover of employees willing to work in this post-COVID world.
- Unmotivated work force.
- Wage inflation.
- Work from home complacency!!
- Workforce challenges - inability to recruit and retain key roles.

While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated or clarified some comments in the interest of economy and participant confidentiality.

Sentiment: Most worrisome external risks *(Responses to open-ended text questions)*

- A recession that is more significant than the mild one we are planning for.
- Access to reasonably priced debt capital.
- Availability of capital and M&A market.
- Cash crunch.
- Central bank actions being too aggressive.
- Central bankers tightening too much and leading to deeper recession.
- China.
- China.
- China.
- China –U.S. relations.
- China and tensions.
- China geopolitics.
- China/Taiwan.
- China/Taiwan.
- Chronic workforce shortages.
- Competition and inflationary trends.
- Consumer pullback in discretionary spending.
- Continued declines in consumer confidence.
- Continued limited debt capital availability in the commercial real estate space.
- Cost of living crisis.
- Cost pressures on materials.
- COVID persistency.
- Currency movements and our technologies becoming less valued or less used.
- Cyber risks.
- Declines in discretionary income/spending.
- Declining consumer spending.
- Deep global recession.
- Disorderly inflation and action of regulatory agents.
- Downturn in the performance of consumer credit.
- Economic/recession.
- Economy.
- Equity market volatility.
- Escalation of Russia-Ukraine conflict.
- Expansion of conflict in Eastern Europe.
- Fed raising rates faster than anticipated.
- Financial market stability.
- Fiscal and monetary policy.
- Funding markets.
- General wage inflation.
- Geopolitical.
- Geopolitical.
- Geopolitical.
- Geopolitical.
- Geopolitical (Ukraine, Taiwan) causing an economic recession.
- Geopolitical (war and conflict).
- Geopolitical conflict.
- Geopolitical issues.
- Geopolitical risk - Ukraine, Taiwan, Mid East.
- Geopolitical risk surrounding U.S. military support to Ukraine.
- Geopolitical risks.
- Geopolitical risks.
- Geopolitical tensions.
- Geopolitics and over-regulation.
- Global politics.
- Global recession.
- Government regulations impacting our ability to import and export profitably.
- Government spending and the regulatory environment.
- Healthcare inflation.
- High inflation in commodities and labor.
- Higher funding costs.
- Higher inflation.
- Impact of interest rates on new home construction.
- Increased regulation.
- Increasing government regulation and taxes.
- Inflation.
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- Inflation.
- Inflation/consumer spending.
- Inflation and commodity prices.
- Inflation and high energy prices.
- Infrastructure permitting risk - very challenging to build infrastructure in the United States and our growth plan depends heavily on it. We need federal and state permitting reform to improve the speed of project approvals.
- Interest rate increase.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates remaining high.
- Irrational behaviors.
- Lack of debt financing.
- Macro economies.
- Macro-economic environment.
- Macroeconomic issues, including China.
- Monetary and fiscal policy misjudgments impacting macro.
- Monetary policy in U.S., UK, eurozone, Japan.
- National debt.
- New paradigm on cost of capital.
- Ongoing war in Ukraine -- continued fallout across Western Europe.

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Sentiment: Most worrisome external risks *(Responses to open-ended text questions)*

- Overall inflationary pressures. They have started to subside or flatten out, so the hope is to continue with this trend.
- Oversupply of capacity in the market.
- Pace of inflation/deflation and the potential volatility of bank rates.
- Persistent inflation driven by continued increases in federal spending.
- Persistent inflation, coupled with recession.
- Political.
- Recession.
- Recession.
- Recession.
- Recession.
- Recession.
- Recession.
- Recession.
- Recession.
- Recession.
- Recession.
- Recession, and while I believe it is a low probability of happening .... if China takes over Taiwan, it would have significant impacts on our imports from China.
- Regulation.
- Regulation in equity markets and crypto currencies.
- Regulatory.
- Regulatory burdens.
- Regulatory environment.
- Return to the office.
- Rising interest rates.
- Risk of Fed going too far on rate hikes.
- Russia.
- Russia-Ukraine.
- Russia-Ukraine.
- Significant market decline.
- Stagflation.
- Stagflation.
- Supply chain.
- Supply chain (component availability) and inflation.
- Supply chain challenges and inflation.
- Supply chain risk and energy/commodity pricing due to geopolitical tensions.
- Supply chains have improved but continue to be a challenge especially for specialty items.
- Talent availability.
- Tensions with China.
- The Fed raising rates too high.
- U.S. Fed overtightening forcing a hard landing.
- Uncertainty created with the activities in Russia and China.
- Union activities.
- Unpredictable regulations.
- Unrealistic customer expectations - around price/cost of service, speed of innovation, protracted decision making.
- U.S. politics.
- War.
- War in Ukraine.
- Wars and related impact on supply chain.

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Special Topic: If you think there will be an economic recovery or rebound, what top three actions are you taking to prepare for it?

(Responses to open-ended text questions)

- Accelerate capital investments.
- Acquisitions.
- Active in M&A right now.
- Adding distribution.
- Adding inventory.
- Adding marketing resources to drive new products.
- Additional investment for growth.
- Aggressive pricing.
- Building backlog (we operate in a late cycle industry).
- Building cash reserves.
- Building financial capacity to be opportunistic.
- Building inventory and evaluating M&A opportunities.
- Buying more inventory.
- Capacity.
- Capacity expansion for our high-growth businesses.
- Capex ramp up.
- Capital allocation.
- Capital investment.
- Capital investment.
- Capital investment for cost reduction.
- Capital investments that drive energy efficiency and productivity.
- Capital structure.
- Capitalize on growth.
- Cash flow.
- Cash flow.
- Cash management to drive future capital allocation.
- Cash optimization.
- Clarity of demand to accommodate.
- Conserve cash by focusing on working capital and capex spending.
- Continued investment in tech/automation/AI.
- Continuing cost containment.
- Continuing to raise capital and being patient/judicious about deploying it.
- Controlling capex.
- Controlling costs.
- Cost control.
- Cost control.
- Cost control.
- Cost management.
- Cutting indirect costs.
- Cutting/reducing vendor spend.
- Debt facilities.
- Deploy resources to where it is easier to make money.
- Detailed talent capacity planning.
- Development of a performance culture.
- Development of strategic plan around AI.
- Don't believe there will be a recovery this year.
- Don't fill up backlog with lower margin work.
- Efficiency and focus on reducing costs.
- Employee retention.
- Employee retention actions.
- Employer value proposition.
- Ensure appropriate staffing.
- Ensure staff levels are sufficient / wages at market.
- Ensuring supply.
- Evaluating M&A.
- Expand capacity.
- Expand capacity to serve customers.
- Expanding investment to new markets.
- Expanding to new markets.
- Exploring new sources of capital funding.
- Factory/capacity investment planning.
- Having appropriate resources to support the recovery.
- Having qualified staff to manage higher volume.
- Having the data to assess investment yield impact on product pricing adequacy.
- Headcount.
- Headcount freeze.
- Headcount planning.
- Hire talent.
- Hiring.
- Hiring.
- Hiring addition business development team members.
- Hiring freeze.
- Hiring freeze or not.
- Hiring slow down/freeze.
- Hiring strategies.
- Holding support human capital flat.
- Improve liquidity.
- Improving cost structure to drive scalability.
- Increase volume.
- Increasing marketing spend.
- Innovation.
- Invest in digital.
- Invest to sales.
- Invested in sales and marketing.
- Investing for growth.
- Investing in capacity and growth resources during the recession.
- Investing in IT.
- Investing in manufacturing capacity in growing regions.
- Investing in new products.
- Investing in training and retention of direct staff.
- Investing today for capacity and innovation.
- Investment in go-to-market activities.
- Investments in growth areas and restructuring company to respond to market opportunities.
- Joint business planning with strategic customers.
- Keeping dry powder on balance sheet.
- Keeping liquidity available for quick response.
- Lead times.
- Leveraging strong balance sheet.
- Lower bonuses.
- M&A.
- M&A.
- M&A .
- Maintaining dry powder.
- Maintaining flexibility on costs/hiring.
- Maintaining staffing and investment.
- Maintaining strong liquidity to take advantage of opportunities.

While we have attempted to display CFOs' verbatim comments wherever possible, we have abbreviated or clarified some comments in the interest of economy and participant confidentiality.

Special Topic: If you think there will be an economic recovery or rebound, what top three actions are you taking to prepare for it?

(Responses to open-ended text questions)

- Making strategic investments for the long term.
- Manage workforce.
- Managing investments.
- Market growth via access improvement and real estate & hiring labor.
- Market share.
- Market share gains.
- Monitor credit.
- Not anticipating this in the next two years.
- NOT cutting too deep.
- Nothing.
- Operating expense control.
- Operational efficiency.
- Opportunistic M&A.
- Our industry is not impacted much by rebound or recession, so there is not a lot of planning that goes around macro-level trends.
- Pay raises.
- Paying down debt to free up lines of credit.
- Performance-based attrition.
- Portfolio management.
- Preparing board for prospect of deploying capital in recessionary market.
- Preparing the M&A engine for numerous deals on the buy side.
- Price increases.
- Pricing capacity.
- Prioritizing marketing spend.
- Productivity.
- Projects management.
- Raising capital.
- Raising prices to customers.
- Readiness to deploy extra capital to fund growth.
- Reducing capex.
- Reduction in discretionary spending.
- Refinancing.
- Refocusing on plant maintenance discipline so that equipment utilization can meet demand.
- Restricted hiring versus plan.
- Retention.
- Reviewing salary.
- Right talent in place.
- Sales capacity.
- Sales ideas.
- Searching for opportunities.
- Securing capital.
- Shifting resources to customer facing / support roles.
- Slowdown on discretionary expenditures.
- Staffing.
- Staffing sales.
- Staffing to support increased sales volume.
- Strategic digital marketing investments.
- Strong cost stewardship.
- Systems investment to accommodate expanded throughput.
- Talent development.
- Talent retention.
- Targeting acquisitions and other capex opportunities.
- Technological investment.
- We don't believe a recovery is likely in the short term, but if one occurs, we've prepped assets to sell to bring to market. This will allow us to use the sale proceeds to recycle into growth opportunities for the company.
- Working capital management.

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Special Topic: As CFO what improvements, if any, would you suggest to enhance your company's decision-making in planning for the remainder of 2023 and 2024? *(Responses to open-ended text questions)*

- Act more rapidly and decisively.
- Adding competency and tools/automation.
- Automated and cleansed data storage and structure, to enable time allocated to insights vs. gathering data.
- Automated use of data to provide relevant insights to drive decisions/outcomes.
- Availability of "good" data.
- Better and more realistic forecasting.
- Better asset-based performance simulations.
- Better forecasting system.
- Better insight into customer lead generation funnel.
- Better insights into the supply chain.
- Better macroeconomic data.
- Better refining the data needed to support decision-making and ensuring the appropriate analysis is done to gain insight.
- Better supply chain tools, processes, and analytics.
- Better use of scenario-based planning.
- Broader education on KPIs to all staff.
- Collect and harmonize data in a single repository.
- Completion of our current data project. Finalizing the deployment of existing data rebuild and tools with visualizations and syncing of certain data definitions.
- Continued accounting/finance automation to shorten the month-end close process to provide insights faster to the business operators.
- Continued investment in financial infrastructure.
- Create time for forward planning vs. chasing the daily curve balls.
- Data analytics.
- Data-driven decisions.
- Data-driven insights.
- Data infrastructure to unlock ability to perform data analytics.
- Decisions based on appropriate return.
- Dissecting external data on pricing to inform strategic pricing models.
- Ensure growth activities are supported with customer commitments.
- EPM, plus maturity of data lake.
- Expanding the forecast window and technology tools.
- Faster reforecasting capabilities.
- Focus on better forecasting and reconciliation of forecasted data to actual results in a timely manner.
- Focus on elevating expectations around data analytics and insights.
- Focus on increasing speed of turning data into insights.
- Focus on ROI.
- Focus on winning daily and quick adaptation to change.
- Focused marketing.
- Forecasting.
- Further digital transformation.
- Greater prioritization.
- Ground in facts and live examples rather than platitudes and heuristics.
- Hire data scientists and business analysts.
- Hiring business analyst.
- Hiring of key executive positions.
- Identify and stick with consistent measurement metrics; as trends emerge, there is too much tendency to shift focus to new trend "details."
- Improve our data warehouse.
- Increased automation and AI.
- Increased data analysis capabilities.
- Invest in a better technology infrastructure.
- Invest in digital and automation technologies.
- Invest in the systems needed to turn data into insights (data warehouse).
- Investing in data analytics capabilities, and pricing centralization.
- Investment in technologies and systems and standardization across groups and business units.
- IT investment.
- Longer-range planning to inform near-term decisions.
- More discussion and collaboration around capital allocation.
- More dynamic process for reviewing capital expenditures.
- More focus on technology/AI.
- More forward-looking, agile, and urgent.
- More frank, honest conversations real time.
- More integrated, timely, and collaborative.
- More real time, data-based decision-making.
- More real-time, forward-looking data.
- More rigor on using the right data to make decisions.
- More robust leading indicator analysis for our lines of business.
- More scenario driven analysis.
- More straight talk amongst management/leadership.
- Moving to decisions more quickly by preventing processes getting bogged down in middle management.
- Need a stronger focus on earnings capacity by segment and capital planning.
- Need better "sensing" mechanisms relative to changes in external forces (leading indicators for ERM and strategy scenarios).
- None.
- None.
- None.
- Remain focused on data to drive decisions, not subjective opinions.
- Remove unnecessary reporting, increase focus on critical data.
- Staying focused on micro-drivers and timely actions.
- Strategy in print - tactical plan to deliver strategy.
- Streamlining analytical tools to make them more timely and actionable.
- Strong FP&A team aligned with developing business insights, then providing clear operational recommendations.
- Structured data-based decisions.
- Successful implementation of ERP, including more sophisticated systems and tools.
- System consolidations and upgrades.
- Systems and tools to allow more focus on decision support and analytics vs. operational reporting.
- Systems modernization, automation.
- Too many cooks in the kitchen, more delegated decision-making.
- Versatility...how to adapt to changing market conditions more quickly.
- We need our business units to be realistic about what they can achieve, and then to be laser-focused on delivering it.
- Zero-based budgeting.

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Special Topic: What's the most effective thing you've done to improve the data and insights *your finance team* provides to the business?

(Responses to open-ended text questions)

- Add additional resources to analytics team, centralize additional data that is spread throughout the organization, and centralize analytics resources.
- Adjusting reporting to fit audience's use pattern, even if not ideal.
- Automate customer profitability.
- Automate monthly reporting.
- Better analytics and client level profitability.
- Better defining the data models and strengthening the analytic capabilities to drive insight.
- Better leveraging our investment in a single ERP instance.
- Better visualization tools that allow for more frequent analysis.
- Bringing more people into preparation and discussion around IR related issues to build awareness/sensitivity to valuation and risk issues.
- Broaden impact capability; make data more available.
- Build out analytic skills.
- Building out a group of FP&A business partners that are embedded within functional groups and business units.
- Built out team.
- Business/technology transformation to streamline systems/integration.
- Centralize our data group.
- Changed ledger.
- Closer to real-time review of external trends, paired with how those trends are likely to impact our business performance.
- Comprehensive overhaul of management reporting provided to the business. Although this has included some new data, it primarily related to improving the formats we were using to communicate existing data.
- Created a Customer Lifetime Value model whereas we can evaluate and create insights around customer profitability.
- Created a dashboard of KPIs for each business unit, using a data warehouse.
- Created a leader of data and analytics role and reorganized resources under that leader.
- Data governance, centralization.
- Data lineage and identification and monitoring of data producer controls.
- Developed and invested in FP&A and Business intelligence/data science.
- Educating them [the business] on importance and implications of key KPIs.
- Education on data available.
- Embrace culture of challenging status quo with data.
- Empower finance employees to expand their thinking.
- ERP upgrade project.
- Establish KPIs to track major financial risks.
- Executing data project.
- Focus on and reduction of KPIs.
- Focus on key metrics.
- Foster data-driven decision making.
- Frequency of the data, and decision iteration with business leaders.
- Get much more granular and systematic with data analysis.
- Growing our data analytics capabilities, leveraging new technology to provide more useful insights on our business operations.
- Have begun more detailed segment analysis and capital planning.
- Hire a financial analyst.
- Implement 12-month rolling forecast process.
- Implement data and analytics operating model and establish one source/version of truth.
- Implementation of a new ERP system.
- Implemented a new cloud-based accounting system that is helping to provide more timely reporting.
- Implemented full stack BI solution.
- Improved digital organization to improve access to information.
- Improved ERP system and continuous improvements in system, data collection and reporting.
- Improved sales and operational forecasting of KPIs and the roll up to a financial forecast.
- Improved scenario planning around potential economic scenarios.
- In process of implementing a new ERP and standardizing and centralizing management of our master data.
- Increase the frequency of information compiling and sharing (mid-month, etc.).
- Increased live discussions with leaders of different parts of the enterprise.
- Invest in business intelligence system.
- Invest in new tools and technologies.
- Investment in people and data infrastructure.
- Investment.
- Kicked off our data warehouse project to be completed in 2023. Also, hired a new position (VP FP&A) to elevate our capabilities to deliver insights (and not just data).
- Master data management/data standards.
- Moved the data insights under finance organization to reduce dashboard and streamline data.
- Moving to a common platform across business units.
- New CRM system.
- Nothing special, just being very alive to user needs.
- Partner finance teams directly with business leaders.
- Partnered a finance leader with each business leader.
- Physically harness more data into cloud-based data lakes and start socializing this throughout the business.
- Power BI tools.
- Power BI.
- Provided bottoms-up five-year forecasts for every property that we have in the portfolio.
- Push data-focused sections further and further across the team and deeper and deeper into the level.
- Pushing for greater dialogue and consensus during the forecasting process.
- Put the right talent into FP&A and insight roles.
- Real-time dashboards for sales statistics.
- Real-time information on discretionary spending.
- Rebuild and full adoption of new warehouse, tying business, production, financial elements, and [other] attributes.
- Revamped management reporting so we are looking through the right lenses.
- Rolling outlooks.
- ERP deployment.
- Scenario analysis.
- Scenario planning for various demand/volume, with footprint/cost takeout actions prioritized for each.
- Set expectations of the team on how to partner with the business, be curious, and give access to off-the-shelf tools for this work.
- Some advancements in business intelligence platforms.
- Spending time challenging each other as to how best to interpret the data, and what actions should these analyses prompt.
- Streamlined processes and KPIs.
- Streamlining and simplifying our data structures.
- Timely reporting of financial results.
- Train business partners to understand data and metrics.
- Transitioned focus from financial results (rearview mirror) to financial forecasts (windshield) to provide greater predictive value to the organization.
- Upgrade technology.
- Upgrading talent and continuing to invest in our data management software/platform.
- Usage of BI.
- Using data and insights to drive accountability.
- We're sharing and discussing data at a slightly lower level of detail, so that it's clear where the variances and surprises are, which leads to greater accountability and ability to course-correct.

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  - Link to high-level report
  - Link to executive summary
- 2nd Quarter 2022 | *Special Topic:* Decarbonization
  - Link to the high-level report
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- 1st Quarter 2022 | *Special Topic:* Managing the information technology function
  - Link to the high-level report
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2021 Survey Reports

- 4th Quarter 2021 | *Special Topics:* Monetary and tax policies; CFO priorities and company expectations for 2022; C-suite relationships
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- 1st Quarter 2021 | *Special Focus:* Finance leadership beyond the pandemic
  - Link to the high-level report
  - Link to executive summary

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Important notes about this survey report

The Deloitte North American *CFO Signals™* survey is a quarterly survey of CFOs from large, influential companies across North America. Each quarter since 2Q10, *CFO Signals* has tracked the thinking and actions of CFOs representing many of North America's largest and most influential companies. All respondents are CFOs from the U.S., Canada, and Mexico, and the vast majority are from public and private companies, predominantly with more than $1 billion in annual revenue. Participation is open to all industries except for public sector entities.

The purpose of the survey is to provide these CFOs with quarterly information regarding the perspectives and actions of their CFO peers across four areas: business environment, company priorities and expectations, finance priorities, and CFOs' personal priorities. Participating CFOs have agreed to have their responses aggregated and presented. At the opening of each survey period, the CFOs receive an email containing a link to an online survey hosted by a third-party service provider. The response period is typically two weeks, and CFOs receive a summary report generally two to three weeks after the survey closes.

As a "pulse survey," *CFO Signals* is not, nor is it intended to be, scientific in any way, including in its number of respondents, selection of respondents, or response rate, especially within individual industries. Accordingly, this report summarizes findings for the surveyed population, but does not necessarily indicate economy- or industry-wide perceptions or trends.

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