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CFO Signals™

What North America's top finance executives are thinking—and doing
1st quarter 2024 results with a focus on Generative AI in the finance organization and the enterprise

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Dear CFOs,

When I reviewed the results of our 1Q24 North American *CFO Signals* survey, what immediately caught my eye was the upward shift in CFOs' outlook amid economic and geopolitical uncertainty and technological change. These forces certainly can combine to make the jobs of CFOs even harder, but the results overall speak to their resilience.

Signs of optimism and growth

This quarter's survey revealed a stronger outlook among surveyed CFOs for North America's economy in particular (54% of CFOs say economic conditions will be better in a year, compared to 37% in 4Q23). Their 12-month outlook for economic conditions in Europe, China, and Asia, excluding China, also improved. This quarter CFOs' net optimism for their own companies' financial prospects shot up to +31 from +11 in 4Q23. Surveyed CFOs also raised their year-over-year growth expectations for earnings, revenue, dividends, and domestic hiring, compared to the prior quarter.

Ongoing concerns weigh on risk-taking

Still, the survey revealed what could be causing CFOs to lose sleep. Geopolitics, macroeconomics, the political environment, and interest rates are chief among their most worrisome external risks. Meanwhile, on the internal front, talent availability and retention; execution and efficiency; cost and capital management; innovation and growth; and technology are their top concerns. The upshot: 60% of CFOs say *now is not a good time* to be taking greater risks, albeit a slight decrease from last quarter's 62%.

Other takeaways

US equity markets overvalued in the eyes of most CFOs. Nearly two-thirds (65%) of surveyed CFOs say US equity markets are overvalued, up from 35% in 4Q23. Whether this view indicates CFOs' companies might hold off on M&A is unclear, but the result seems to align with those CFOs who say now is not a good time to take greater risk.

Debt and equity financing considered more attractive, compared to 4Q23, but not significantly so. At the time CFOs took the survey, the Federal Reserve was still deliberating interest rate cuts. That may have tempered CFOs' views.

GenAI adoption encouraged most in IT, business operations, customer/client services, finance, and sales and marketing. Seventy percent of CFOs expect productivity hikes from 1% to 10% from GenAI. For many CFOs, measuring its value is problematic.

Our perspective

Given the transformation around Generative AI, we asked CFOs how the nascent technology is affecting their finance functions and organizations as a whole. What we found was revealing. Despite the promise of artificial intelligence—and pressure from some boards to deploy it—the technology has yet to have a measurable impact on many finance departments. While CFOs appear to be preparing to adopt GenAI, our survey shows some aren't there yet. Consider this: 60% of surveyed CFOs said bringing in talent with GenAI skills over the next two years is either extremely important or very important. But when asked what degree of impact GenAI is having on their current finance talent model, 61% of CFOs indicated either minimal impact or no impact at all. Time will tell. Deloitte's State of Generative AI in the Enterprise found that 72% of some 2,800 business and technology leaders surveyed expect generative AI to drive changes in their talent strategies sometime within the next two years.

While the gradual start could be due to several reasons—concerns over trust and security, for example—talent appears to be another large hurdle. Indeed, in identifying their three biggest concerns about enabling GenAI in finance, CFOs most often cited GenAI technical skills (65%), GenAI fluency (53%), and risk of adoption (30%). Acquiring such expertise may prove challenging for finance and the enterprise as well. Upskilling may be the likeliest route, with half of the respondents saying they anticipate developing existing talent to incorporate GenAI in their enterprises. Another 37% indicated they anticipate hiring external talent. This too could prove difficult, given the demand for GenAI talent. Perhaps as an alternative or in addition to hiring talent, 37% of CFOs also said they would purchase GenAI vendor solutions or services to fill the need.

Wherever GenAI takes business and the finance function specifically, adoption will likely require carefully balancing opportunity with risk and much consideration and planning to optimize its impact. As both stewards and strategists, CFOs have a critical role to play to help their companies determine how best to use AI, whether for competitive advantage, greater productivity, or some other goal—and with the appropriate guardrails in place. By taking a cautious approach to GenAI, CFOs may be waiting to see what the technology can do for their business before they commit precious time and money.

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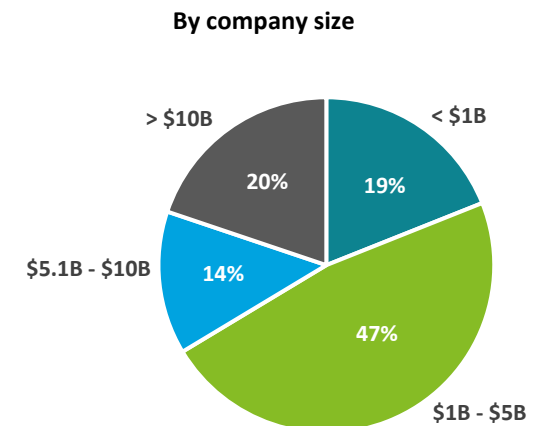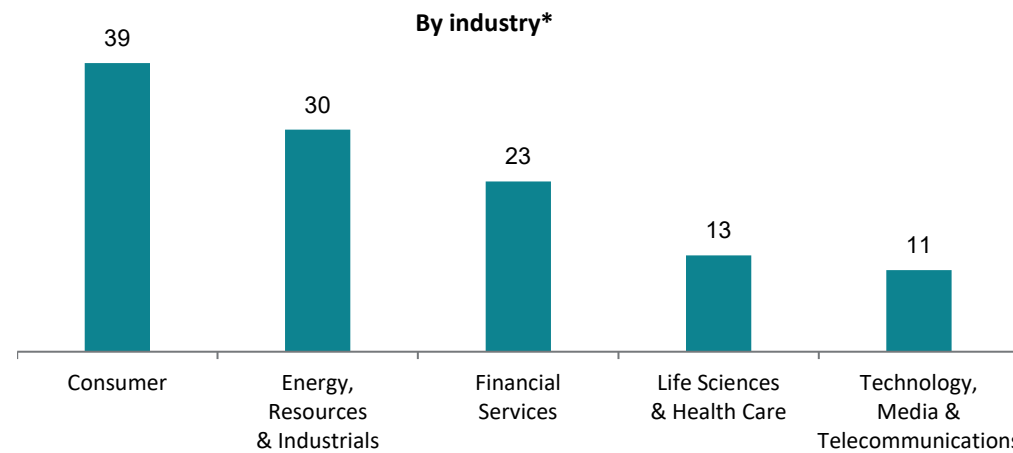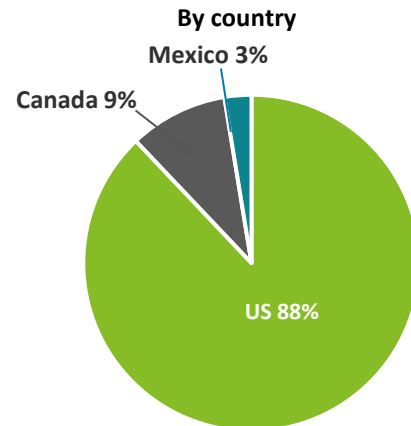CONTENTS, CONTACTS, SURVEY LEADERS, AND PARTICIPATION PROFILE

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Participation: A total of 116 CFOs participated: 67% from public companies and 33% from privately held firms. About one-third (33%) of the participants have more than 10 years' experience, with another 33% having 5 to 10 years' experience, while the remainder have fewer than five years' experience. Respondents are from the United States, Canada, and Mexico, and the vast majority are from companies with more than $1 billion in annual revenue. The 1Q24 North American *CFO Signals* survey was conducted from February 5-20, 2024. For other information about the survey, please contact nacfosurvey@deloitte.com.

By country

- Mexico 3%
- Canada 9%
- US 88%

By industry*

- Consumer: 39
- Energy, Resources & Industrials: 30
- Financial Services: 23
- Life Sciences & Health Care: 13
- Technology, Media & Telecommunications: 11

By company size

- < $1B: 19%
- $1B - $5B: 47%
- $5.1B - $10B: 14%
- > $10B: 20%

*Starting this quarter, companies previously categorized under the manufacturing industry now fall under either the Consumer industry or Energy, Resources & Industrials. The Consumer industry includes companies from the automotive, consumer products, retail, wholesale & distribution, transportation, hospitality, and services sectors.

1Q24 LONGITUDINAL BUSINESS OUTLOOK HIGHLIGHTS

CFOs' 12-month outlook improved for economic conditions in three of the five regions covered by *CFO Signals (*North America, Europe, and South America). CFOs' net optimism for their own companies' financial prospects and YOY growth climbed to +31 in the 1Q24 survey, up from +11 in 4Q23 and well above the two-year average of +4.1. CFOs' year-over-year growth expectations for revenue, earnings, dividends, and domestic hiring also rose from the prior quarter.

Economic assessment by region

North America: Fifty-nine percent of CFOs rate current economic conditions as good or very good, a sizable boost from 47% in 4Q23. Fifty-four percent of CFOs also expect conditions to improve in a year, up from 37% in the prior quarter.

Europe: Twelve percent of CFOs view current economic conditions as good, up from 4Q23's 9%. Twenty-four percent of CFOs expect improvement 12 months out, a jump from 16% in 4Q23.

China: Three percent of CFOs consider current economic conditions as good, consistent with 4Q23. Seventeen percent of CFOs expect the environment to improve a year out, compared to 12% in the prior quarter.

Asia, excluding China: About one-quarter (27%) of CFOs view the current economy as good or very good, down from 28% in 4Q23, while 31% of CFOs expect better conditions a year out, higher than 4Q23's 26%.

South America: Fourteen percent of CFOs view current economic conditions as good or very good, up from 8% in 4Q23; while 16% expect the economy to improve in 12 months, a dip from 4Q23's 18%.

Company outlook

CFOs' **own-company net optimism** (the percentage of CFOs citing rising optimism for their companies' prospects minus the percentage citing falling optimism) increased to +31 this quarter from +11 in 4Q23.

The **performance index** (average of percentages of CFOs citing positive year-over-year revenue and earnings growth) increased in 1Q24 to +85 from +81 in the previous quarter.

The **expansion index** (average of percentages of CFOs citing positive YOY growth in capital investment and domestic hiring) rose to +63 from +61 in 4Q23.

Views on North America's economy
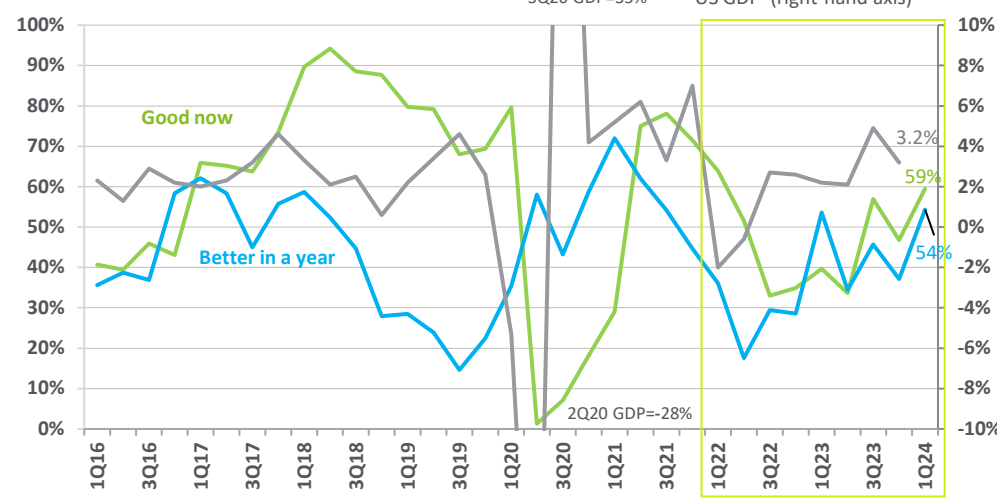
Optimism for regional economies

	Good now	Better in a year	Last quarter	2-yr. avg
North America	↗ 59%	↗ 54%	47/37	45/38
Europe	↗ 12%	↗ 24%	9/16	8/18
China	↔ 3%	↗ 17%	3/12	8/23
Asia, excl. China	↘ 27%	↗ 31%	28/26	23/25
South America	↗ 14%	↘ 16%	8/18	9/12

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

Company indexes
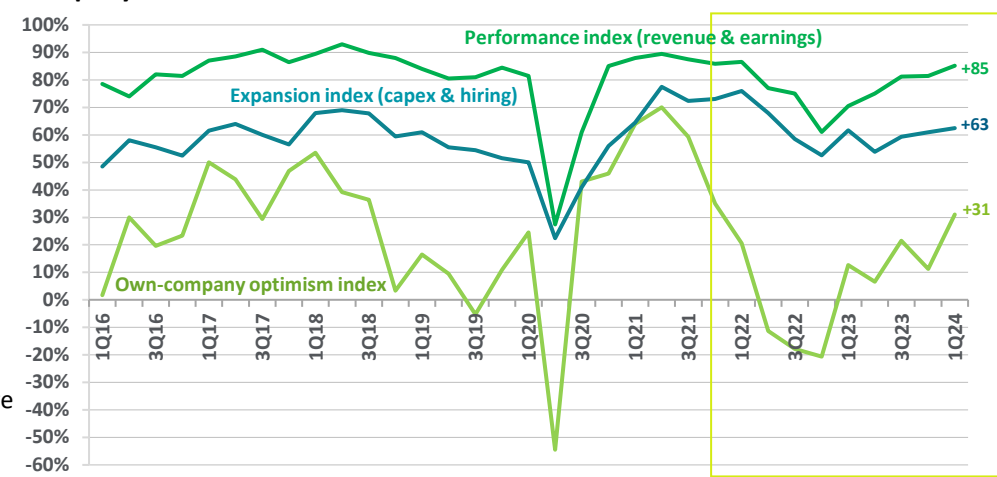
Optimism for own company financial prospects and YOY growth expectations

	This quarter	Last quarter	2-yr. avg.
Own-company optimism (net)	↗ +31	+11	+4.1
Revenue	↗ 5.4%	5.1%	5.5%
Earnings	↗ 7.3%	6.8%	6.3%
Dividends	↗ 3.0%	2.6%	3.1%
Capital investment	↘ 5.8%	6.0%	6.2%
Domestic hiring	↗ 1.8%	1.6%	2.4%
Domestic wages/salaries	↘ 3.5%	3.8%	4.2%

ASSESSMENTS OF REGIONAL ECONOMIES

Compared to last quarter, CFOs reveal a more positive 12-month outlook for most regional economies tracked by *CFO Signals*.

CFOs raised their assessments of current economic conditions in North America, Europe, and South America this quarter compared to 4Q23. CFOs' assessments of China's economy remained unchanged from 4Q23, and they lowered their assessment of the current economies in the rest of Asia. Looking 12 months out, respondents expect improved economic conditions in all regions tracked by *CFO Signals* except South America.

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.

1Q24 snapshot

Legend: Good now — ; Better in a year — ; Economic optimism index[1] ---------
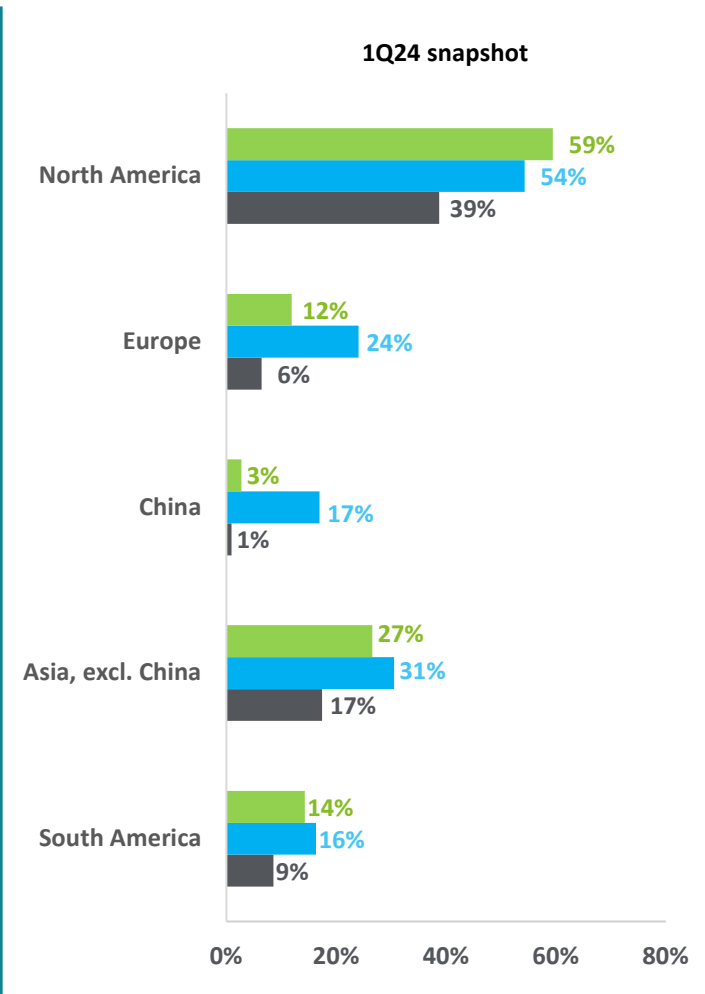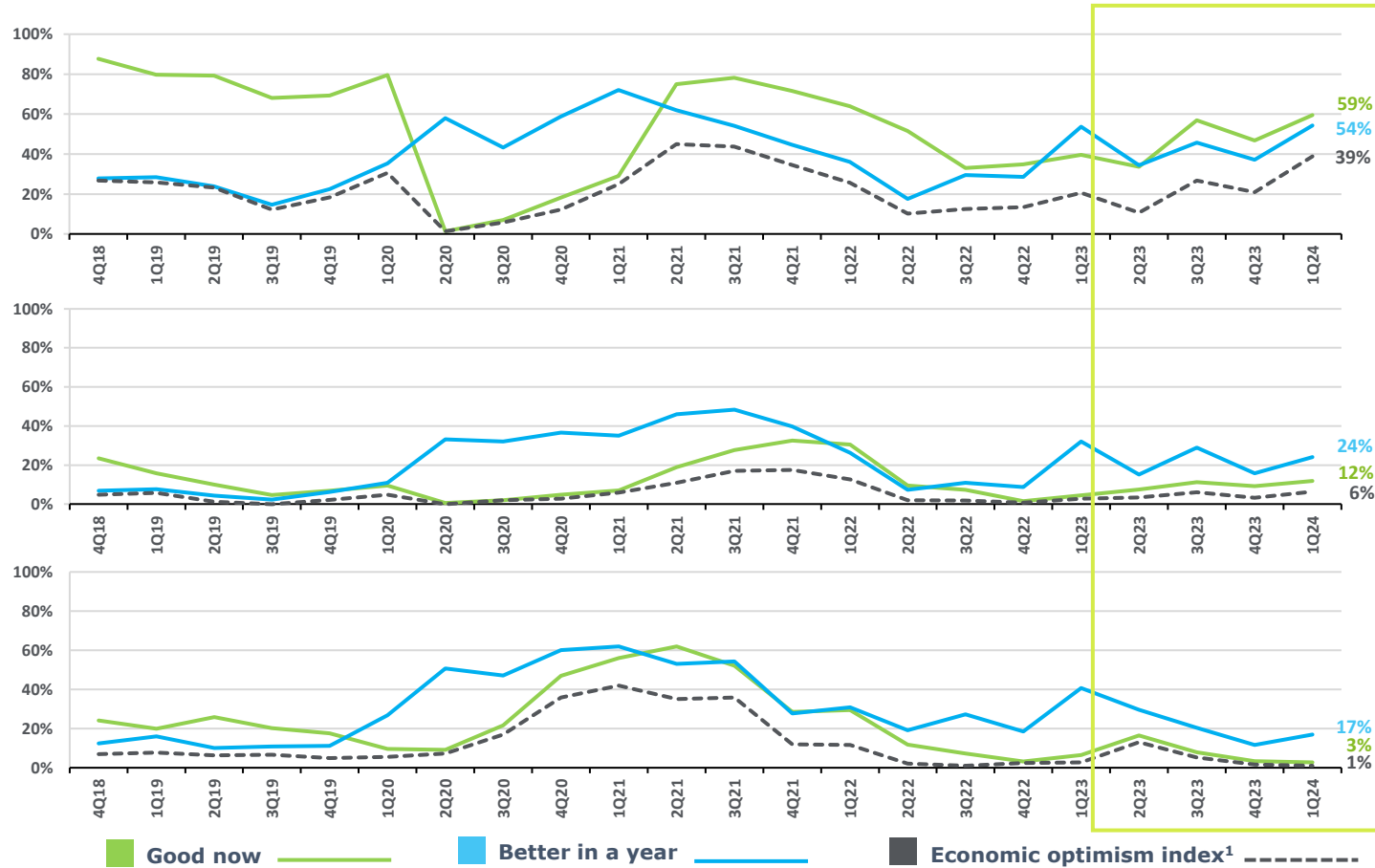
[1] This index reflects the percentage of respondents who rated both the current economic conditions as "good" or "very good" and the economic conditions in a year as "better" or "much better."

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

Two-thirds of surveyed CFOs say US equity markets are overvalued.

In the 1Q24 survey, about two-thirds (65%) of CFOs say they believe that US equity markets are overvalued. That proportion is a notable increase from 35% in 4Q23 and the highest since 1Q22 when 72% of surveyed CFOs considered US equity markets overvalued. This result also might be a bellwether of where CFOs stand on M&A, as high valuations can sometimes temper enthusiasm for deals. A much smaller proportion (5%) of CFOs consider US equity markets undervalued, far below the 23% of CFOs who shared that view in 4Q23 and the smallest proportion of CFOs considering US equity markets undervalued since 1Q22.

How do you regard US equity markets valuations? (N=115*)

Percent of CFOs who say US equity markets are overvalued, undervalued, or neither. Note: responses are compared to S&P 500 at survey midpoint. The S&P 500 stood at 4,953 at the midpoint of the 1Q24 survey data collection on Feb. 13, 2024, an increase from the 4Q23 survey midpoint of 4,495 on Nov. 14, 2023.
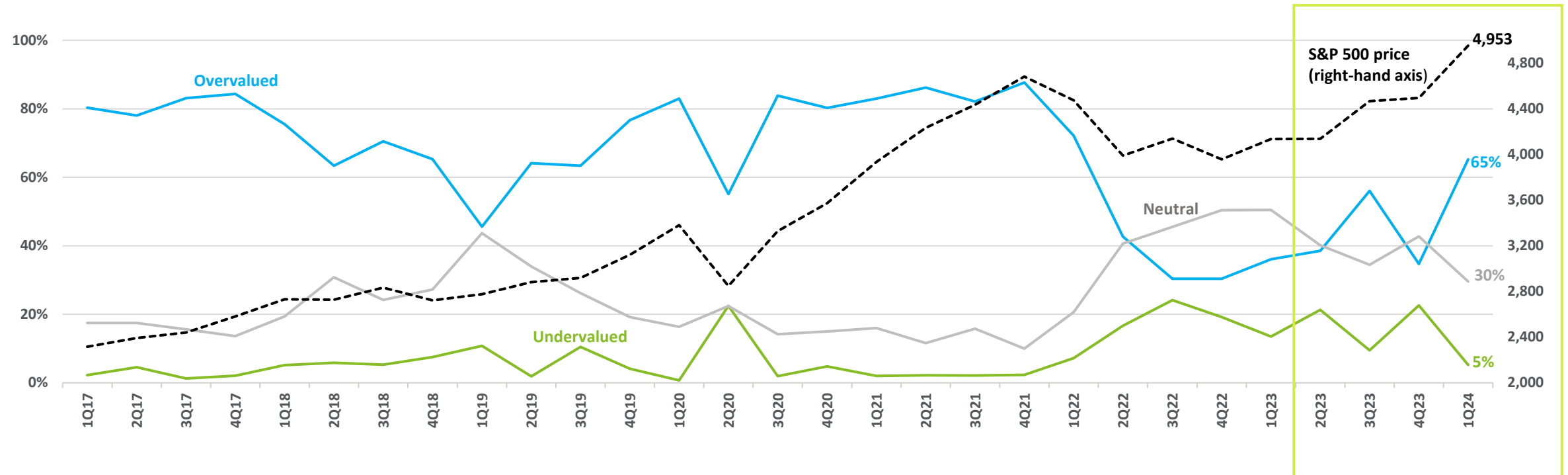
*115 (99%) of respondents across five industries answered.

ASSESSMENTS OF CAPITAL MARKETS AND RISK: RISK APPETITE

CFOs signaling a low appetite for greater risk-taking outweigh those who say now is the time to take greater risks.

Forty percent of surveyed CFOs say now is a good time to be taking greater risks, with the remaining 60% taking a risk-averse stance. The proportion of CFOs considering now a good time to take greater risks is up from the previous quarter's 38% and above the two-year average of 37%. Still, CFOs continue to appear cautious when it comes to risk-taking, despite increases in their YOY growth expectations for earnings, revenue, dividends, and domestic hiring (see page 10).

Risk appetite: Is this a good time to be taking greater risks? (N=115*)

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

Two-year average = 37%

40%

*115 (99%) of respondents across five industries answered.

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

CFOs' views of the attractiveness of financing with debt and equity improved from the prior quarter but remain far below the high points earlier in the decade.

This quarter, CFOs elevated their views of the attractiveness of both debt and equity financing from the prior quarter. Thirty-seven percent of CFOs regard equity financing attractive, up from 19% in 4Q23. The proportion of CFOs who view debt financing as attractive increased in this quarter's survey to 18% from 10% in 4Q23. The recent rise in stock prices—along with signs the Federal Reserve may cut interest rates later this year—may have played a role in the lift in how CFOs view the attractiveness of debt and equity financing.

Among the respondents, the views between CFOs of publicly held companies and private companies diverged somewhat: 35% of CFOs from publicly held companies consider equity financing attractive, compared to 42% of CFOs from privately held firms, while 22% of public company CFOs find debt financing attractive, compared to 11% of private company CFOs.

How do you regard debt/equity financing attractiveness?
Percent of CFOs citing debt and equity attractiveness (both public and private companies)
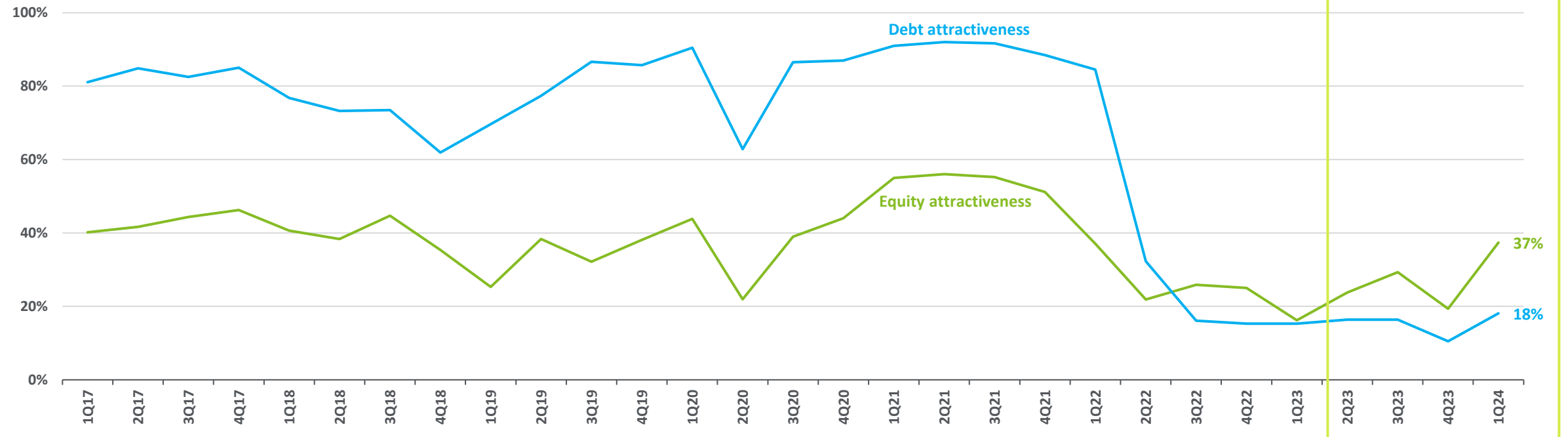
EXPECTATIONS FOR OWN COMPANY'S FINANCIAL PROSPECTS

CFOs' net optimism climbs back from the prior quarter.

Forty-two percent of surveyed CFOs indicate a slightly higher level of optimism for their own companies' financial prospects, which compares to 38% in 4Q23. More notable: only 11% of CFOs express greater pessimism about their own companies' financial prospects this quarter. In 4Q23, 27% of respondents said they were more pessimistic about their companies' financial prospects. All told, net optimism among CFOs shot up to +31 this quarter, a nearly three-fold increase from net optimism of +11 in 4Q23. This quarter's level of net optimism is the highest it has been since 4Q21, when it came in at +35.

Compared to three months ago, how do you feel now about the financial prospects for your company? (N=116*)
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.
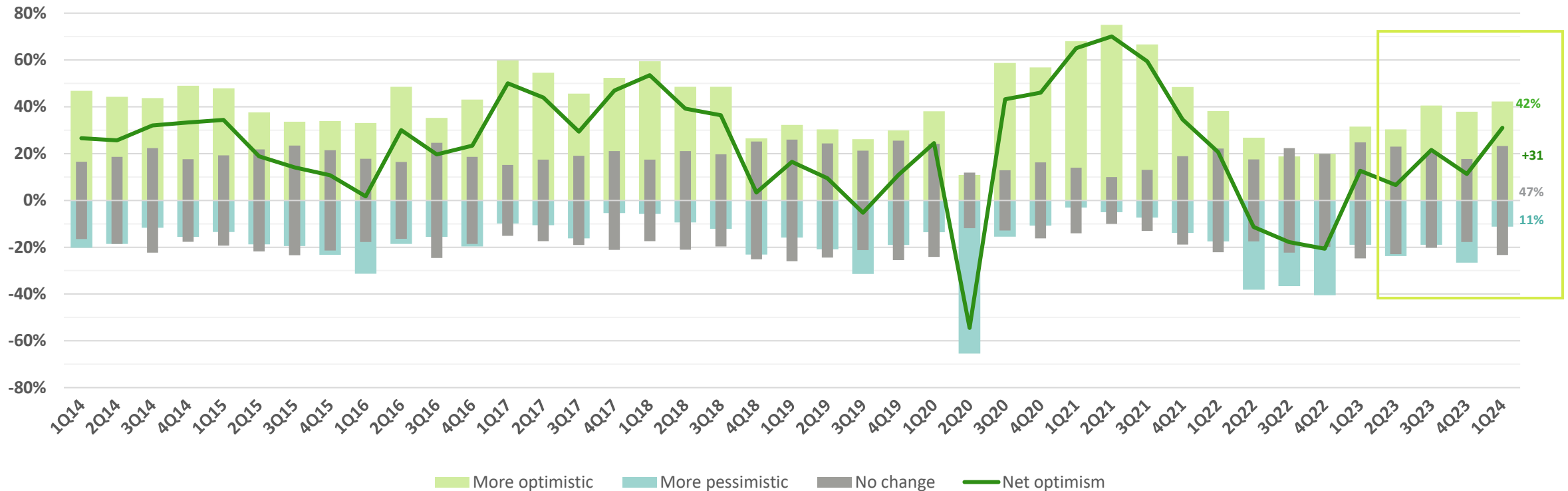
*116 (100%) of respondents across five industries answered.

EXPECTATIONS FOR YEAR-OVER-YEAR GROWTH IN KEY METRICS

Compared to 4Q23, CFOs have higher YOY growth expectations for revenue, earnings, dividends, and domestic hiring.

CFOs raised their year-over-year growth expectations for four of the six performance and investment metrics *CFO Signals* tracks: Revenue, earnings, dividends, and domestic hiring each saw increases in CFOs' YOY growth expectations, with earnings recording the largest increase, compared to the prior quarter.

This quarter, CFOs lowered their YOY growth expectations for capital investment and domestic wages/salaries from 4Q23. Given that surveyed CFOs cite talent as one of their most worrisome internal risks this quarter, the increase in YOY growth expectations for domestic hiring seems to reflect that concern. Meanwhile, CFOs indicated lower YOY growth expectations for domestic wages/salaries, even amid concerns over attracting and retaining talent.

Performance and investment expectations
Compared to the past 12 months, how do you expect key metrics to change over the next 12 months?
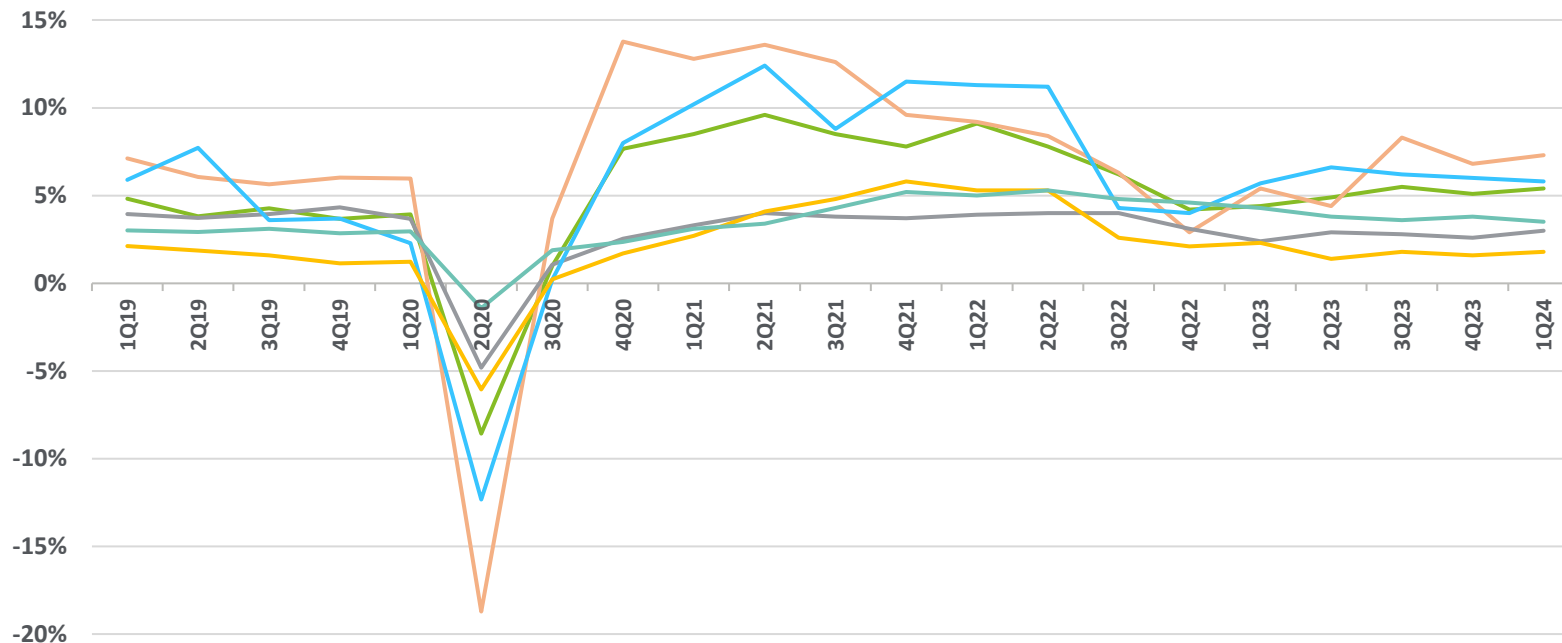
		1Q24	4Q23
Revenue	↗	5.4%	5.1%
Earnings	↗	7.3%	6.8%
Dividends	↗	3.0%	2.6%
Capital investment	↘	5.8%	6.0%
Domestic hiring	↗	1.8%	1.6%
Domestic wages/salaries	↘	3.5%	3.8%

ASSESSMENTS OF CAPITAL MARKETS AND RISK: MOST WORRISOME INTERNAL RISKS

Talent has been an ongoing concern among participants in the quarterly *CFO Signals* surveys for several years, and this quarter is no different. What's changed this quarter is the number of times CFOs mentioned cyberattacks, cybersecurity, and artificial intelligence as their most worrisome internal risks.

Talent availability and retention land at the top of CFOs' most worrisome internal risks, followed by execution and efficiency, cost and capital management, innovation and growth technology, and cybersecurity. The 4Q23 *CFO Signals* survey also found cybersecurity a concern, with 76% of CFOs saying it would be a top priority for their companies' audit committees this year.

Which internal risk worries you most? (Key themes) (N=112*)

Cost and capital management

Innovation and growth

Leadership and culture change

Talent availability and retention

Cybersecurity   Technology

Execution and efficiency

*112 (97%) of respondents across five 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.)

Talent availability and retention (44)
- *Ensuring we have the right workforce and skills to achieve our strategic ambition.*
- *Staff availability, especially engineers.*
- *Significant turnover within key roles.*
- *Recruiting and retaining people.*
- *Talent attraction and development.*
- *People and intellectual capital.*
- *Lack of skilled labor.*
- *Complacency.*

Execution and efficiency (23)
- *Execution of technology upgrades.*
- *Execution on key strategic deliverables.*
- *Productivity, overhead growth.*
- *Running our new set of assets efficiently.*
- *Efficiency, speed to market, productivity.*
- *Execution risk.*
- *Performance.*

Cost and capital management (22)
- *Pace of investment to capitalize on opportunity.*
- *Managing capital projects while managing growth.*
- *Margin pressure.*
- *Cost management.*
- *Debt leverage.*

Innovation and growth (18)
- *Momentum of new products.*
- *Driving growth.*
- *New product development.*
- *Ability to scale.*
- *Capturing share.*
- *Commitment to change.*
- *Strategy aligned to market demand.*
- *Growth pressure and increased competitive intensity.*

Technology (10)
- *Ability to navigate technological changes (e.g., AI, RPA).*
- *Failure to accelerate use of technology/artificial intelligence to drive speed.*
- *Effective use of AI.*
- *Digital transformation.*

Cybersecurity (9)
- *Cybersecurity risks.*
- *Cyberattacks.*
- *Cybersecurity.*
- *Cyber.*

ASSESSMENTS OF MARKETS AND RISK: MOST WORRISOME EXTERNAL RISKS

CFOs worry about a wide range of external risks, but geopolitics and macroeconomics, in particular, are top of mind most.

Geopolitics stood out as CFOs' most worrisome external risk in the 1Q24 survey, as it did in the previous two *CFO Signals* surveys. CFOs rank geopolitics and macroeconomics as their most worrisome external risks, amid a wide range of other uncertainties.

Which external risk worries you most? (Key themes) (N=112*)
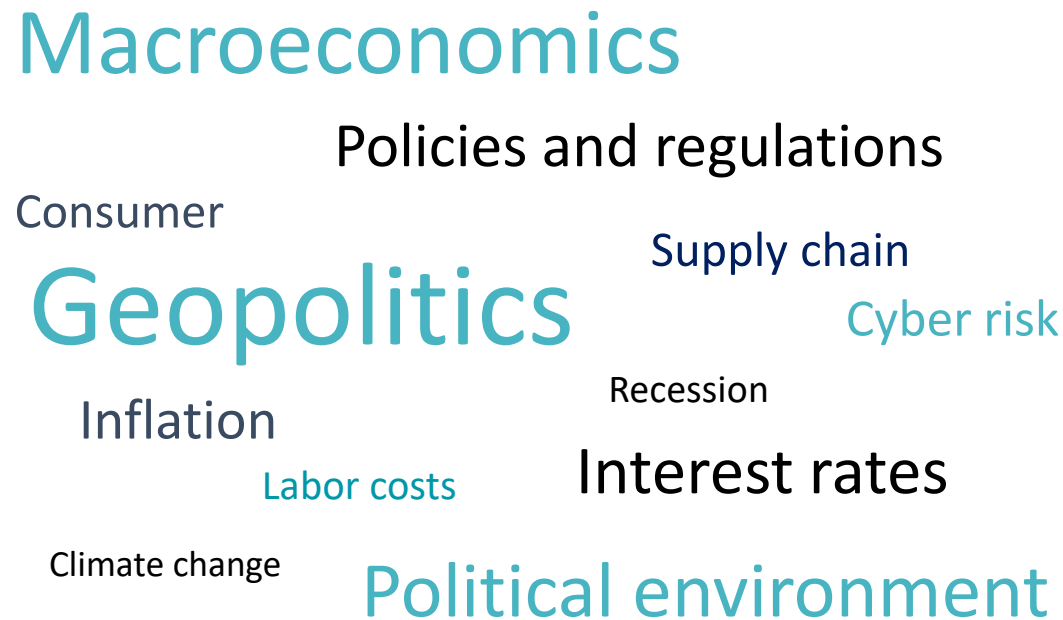
Macroeconomics

Policies and regulations

Consumer

Geopolitics

Supply chain

Cyber risk

Inflation

Recession

Labor costs

Interest rates

Climate change

Political environment

*112 (97%) of respondents across five 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.)

Geopolitics (42)
- War and conflict.
- Geopolitical tensions and impact on supply chains.
- Global unrest.
- Geopolitical uncertainty.
- Impact of geopolitical events on the markets.
- Geopolitical risks.
- Geopolitical events.

Macroeconomics (32)
- Health and resilience of the economy. Will we see a recession and if so, how deep.
- Uncertain economic outlook.
- Macro disruption caused by economic policies.
- State of the economy.
- Uncontrolled federal spending and the long-term implications for inflation and our economy generally.
- Federal deficits and debt growth becoming viewed as unsustainable and driving up borrowing costs.

Political environment (26)
- Political landscape.
- Political instability.
- Global election cycle.
- Global political environment.
- Socio-political.
- Presidential election.
- Elections.
- Legislative.
- Political risk.

Interest rates (17)
- Interest rates.
- Mortgage and Interest rates need to come down and existing home sales need to recover.
- High interest rates.
- Global interest rates.
- Continued high interest rates.
- Interest rate pressure.
- Elevated interest rates.

SPECIAL TOPIC – GENAI IN THE FINANCE ORGANIZATION & ENTERPRISE

Slightly less than half of surveyed CFOs say GenAI has a minimal or moderate impact on current finance talent models, but 93% say bringing talent with GenAI skills into finance over the next two years is important.

From this quarter's survey findings, it appears that Generative AI has not yet made a demonstrable impact on current finance talent models. Nearly one in three (31%) CFOs are either undecided on the technology's impact on their finance talent model or say it's too soon to tell. Slightly more than one-third (36%) of surveyed CFOs indicate the technology has had minimal impact on their finance talent model, while just 8% say it has had a moderate impact. One-quarter of surveyed CFOs report GenAI has had no impact on their current finance talent model.

CFOs' views on how important bringing talent with GenAI skills into finance over the next two years range from 27% indicating it's very or extremely important to 7% saying it's not important. About one-third (33%) each say each bringing talent with GenAI skills into finance over the next two years is slightly or moderately important.

What degree of impact is GenAI having on your current finance talent model? (N=116*)

25%	31%	36%	8%
No impact	Undecided/Too soon to tell	Minimal impact	Moderate impact
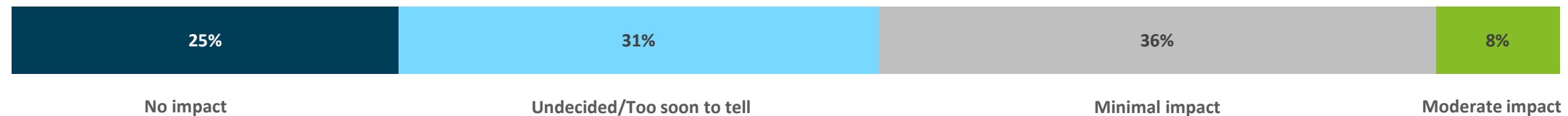
How important is bringing talent with GenAI skills into your finance organization over the next two years? (N=116*)

7%	33%	33%	20%	7%
Not at all important	Slightly important	Moderately important	Very important	Extremely important

*116 (100%) of respondents across five industries answered to both questions.

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SPECIAL TOPIC – GENAI IN THE FINANCE ORGANIZATION & ENTERPRISE

GenAI technical skills and GenAI fluency top CFOs' concerns in enabling finance teams to use GenAI.

When CFOs were asked to indicate their three top concerns for enabling their finance teams to use GenAI, the majority point to GenAI technical skills (65%) and GenAI fluency (53%). Risk of adoption, which would likely require change management, came in third, cited by 30% of CFOs. One-quarter of CFOs or more indicated vision and leadership alignment (26%) and culture and trust (25%) as top concerns.

What are your three biggest concerns related to enabling your finance team to use GenAI? (N=116*)

GenAI technical skills	65%
GenAI fluency	53%
Risk of adoption	30%
Vision and leadership alignment	26%
Culture and trust	25%
Finance operating model	22%
Change fatigue	21%
Workforce strategy and development	19%
Other	17%
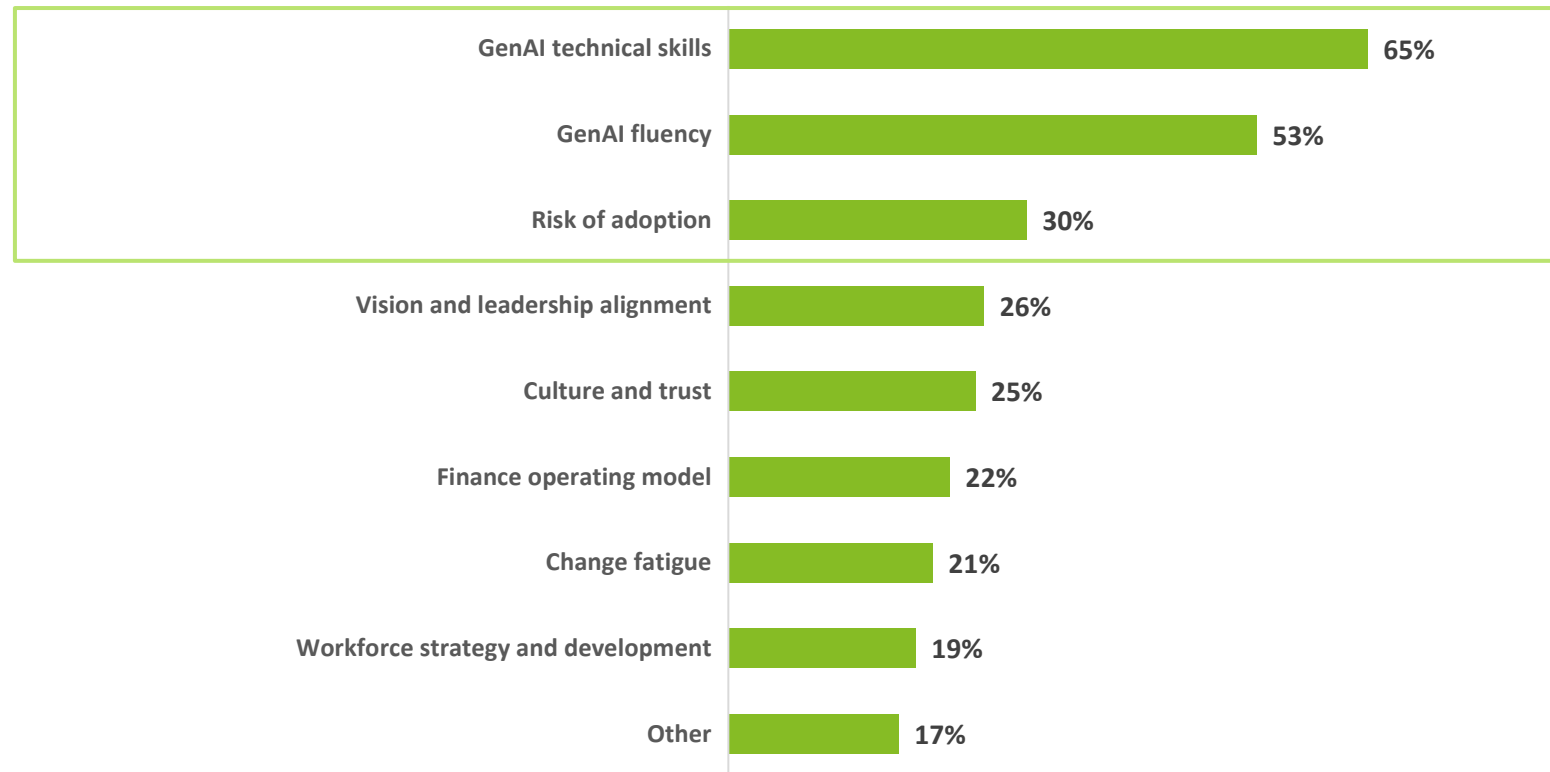
*116 (100%) of respondents across five industries answered. The percentages do not add up to 100% because respondents could select more than one option.

SPECIAL TOPIC – GENAI IN THE FINANCE ORGANIZATION & ENTERPRISE

Needed skills for GenAI are expected to come from developing existing talent as opposed to hiring external talent or purchasing vendor solutions or services.

When it comes to accessing the skills needed to incorporate GenAI into the organizations of surveyed CFOs, half say they expect to develop existing talent. More than one-third of CFOs (37% each) say they expect to hire external talent and/or rely on third-party services or solutions to access the skills needed to deploy GenAI in their organizations.

More than one-quarter (27%) indicate they anticipate using internal technology teams to get the skills needed for GenAI, and 21% report they expect to use enterprise GenAI shared services.

How do you anticipate accessing the skills you will need to incorporate GenAI into your organization? (N=115*)

Skill access method	Percentage
Developing existing talent	50%
Hiring external talent	37%
Purchasing vendor solutions or services	37%
Utilizing internal technology teams (e.g., IT)	27%
Using enterprise GenAI shared services	21%
Other	4%
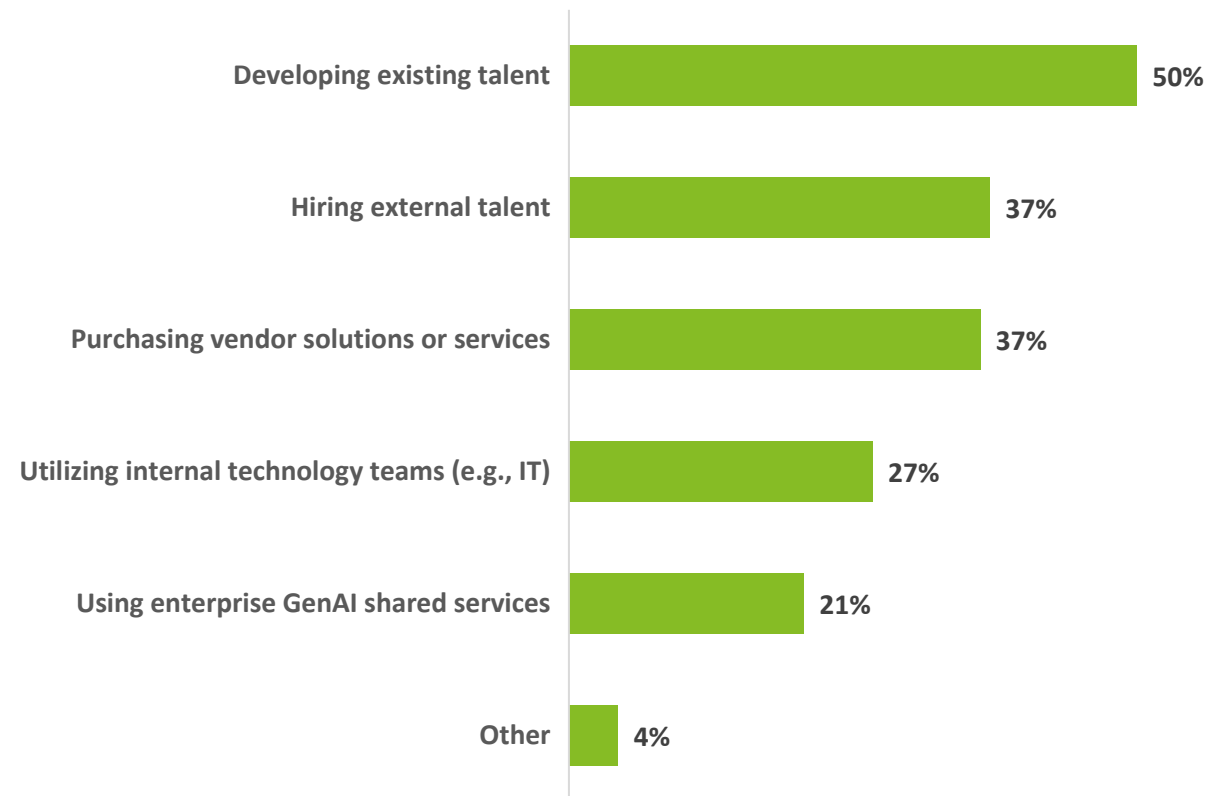
*115 (99%) of respondents across five industries answered. Note: some respondents didn't answer every part of the question. The percentages do not add up to 100% because respondents could select more than one option

SPECIAL TOPIC – GENAI IN THE FINANCE ORGANIZATION & ENTERPRISE

For the most part, it appears that GenAI has not yet been adopted for finance-specific tasks, but a small numbers of CFOs are using it in select spots.

More than half of the CFOs who responded to this question say they are not currently using GenAI for specific finance tasks. Of those who are, a small number of CFOs are using GenAI for transactional services, routine and repetitive tasks, and financial planning and analysis.

If you have shifted finance-related tasks to incorporate GenAI, for which specific finance tasks are you using these technologies? (N=48*)
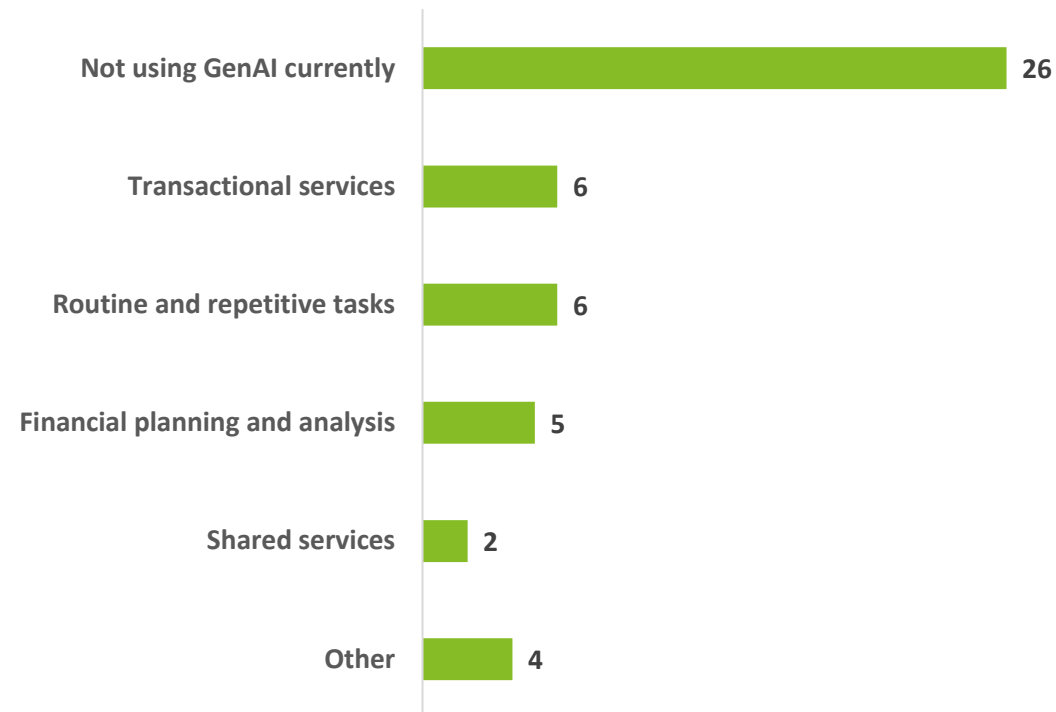
Category	Value
Not using GenAI currently	26
Transactional services	6
Routine and repetitive tasks	6
Financial planning and analysis	5
Shared services	2
Other	4

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.)

- *Data movement, data aggregation, and analytics.*
- *Financial planning & analysis - ease of reporting to free up teammates on deeper analysis and developing insights.*
- *Accounts receivable, payroll.*
- *Proposal writing.*
- *Accounting.*
- *Reserve estimations.*
- *One-click reporting.*
- *Investor relations.*
- *Routine repetitive tasks.*

*48 (41%) of respondents across five industries answered. Total number of comments is more than the total number of respondents because some CFOs cited multiple factors. Note, these categories were developed based on responses to open-ended text questions.

CFO Signals™

16

SPECIAL TOPIC – GENAI IN THE FINANCE ORGANIZATION & ENTERPRISE

Organizations' boards appear to be encouraging GenAI adoption more so for the enterprise than for finance specifically, according to surveyed CFOs.

Our 1Q24 survey shows that boards appear not to be putting as much pressure on the finance function as they are on the enterprise to adopt GenAI, according to surveyed CFOs. Slightly more than one-quarter of CFOs say their boards are somewhat encouraging finance to adopt GenAI; that contrasts with 43% of CFOs who say their organizations' boards are encouraging GenAI adoption in the enterprise. Only 6% indicate that their organizations' boards are very much encouraging GenAI adoption in finance, while 15% say the same for the enterprise. What's more, nearly one-third of surveyed CFOs say their boards are not at all encouraging adoption of GenAI in the finance function.

To what degree is your board encouraging your organization to adopt GenAI in the enterprise? (N=113*)

To what degree is your board encouraging your organization to adopt GenAI specifically in finance? (N=112**)

Legend: ■ In the enterprise   ■ Specifically in finance

Categories (In the enterprise / Specifically in finance):
- Not at all: 19% / 33%
- Neither encouraging nor discouraging: 22% / 33%
- Somewhat: 43% / 28%
- Very much: 15% / 6%

*113 (97%) of respondents across five industries answered the question.
**112 (96%) of respondents across five industries answered the question.

CFO Signals™

17

SPECIAL TOPIC – GENAI IN THE FINANCE ORGANIZATION & ENTERPRISE

At least half of surveyed CFOs indicate IT, business operations, and customer/client services as the functions where GenAI adoption is being most encouraged.

Information technology (IT), business operations, customer/client services, finance, and sales and marketing are the top five functions that are being encouraged to adopt GenAI the most, according to surveyed CFOs. More than one-fifth of surveyed CFOs report that the R&D, product development, human resources/talent, and supply chain functions also are being encouraged to adopt GenAI.

If your enterprise is exploring the use of GenAI, for which top five functions is it encouraging the technology's adoption most? (N=107*)

Function	%
Information technology	64%
Business operations	54%
Customer/client services	50%
Finance	49%
Sales and marketing	38%
Research and development	24%
Product development	22%
Human resources/Talent	22%
Supply chain	21%
Legal	17%
Procurement	17%
Strategy/corporate development	8%
Real estate	3%
Other	3%
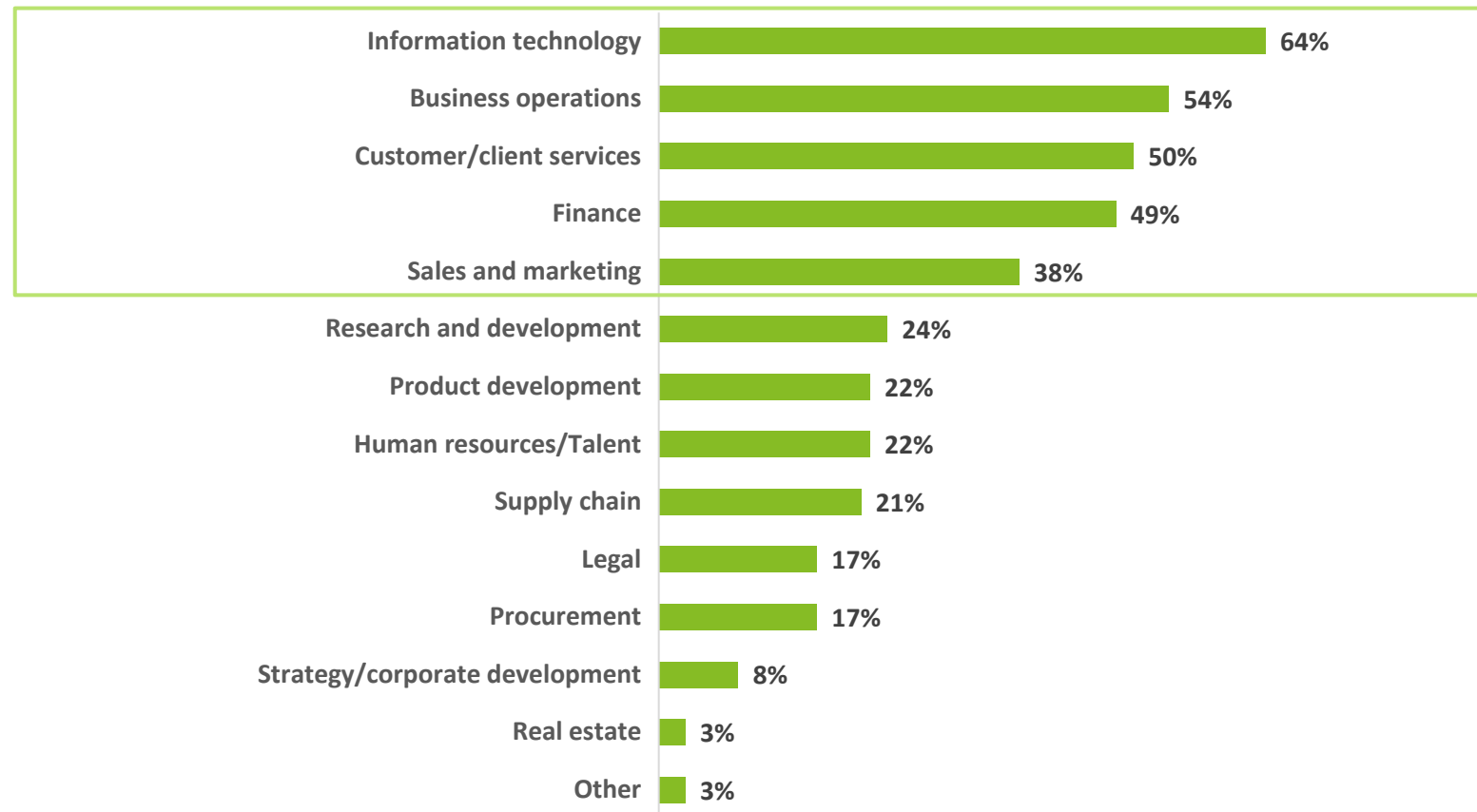
*107 (92%) of total respondents across five industries answered. Percentages do not add up to 100% because respondents could select more than one option.

CFO Signals™

SPECIAL TOPIC – GENAI IN THE FINANCE ORGANIZATION & ENTERPRISE

How to measure value from GenAI investments is unclear for many surveyed CFOs while others plan to gauge productivity and cost savings.

When it comes to measuring the value of their organization's investment in GenAI, CFOs most often cite workforce impact, productivity, and efficiency. Cost savings and expense reduction were cited next most frequently, followed by return on investment and growth indicators. A significant number of respondents indicate uncertainty about the appropriate metrics to use for gauging the value of their investment in GenAI or a lack of current measurements.

How do you intend to measure the value from your organization's investment in GenAI? (N=80*)
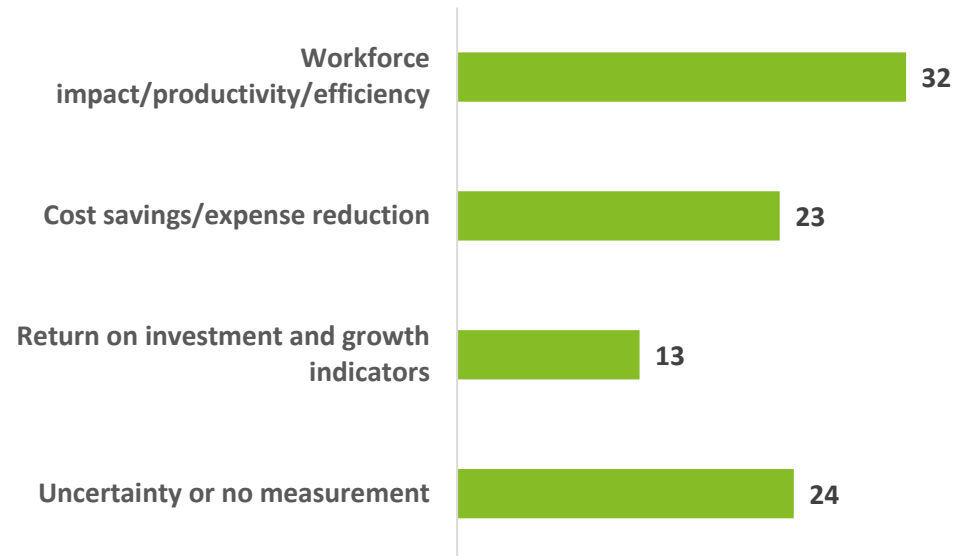
Category	Value
Workforce impact/productivity/efficiency	32
Cost savings/expense reduction	23
Return on investment and growth indicators	13
Uncertainty or no measurement	24

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.)

Workforce impact/productivity/efficiency
- FTE hours saved.
- Cost versus improvement in productivity.
- Productivity improvements.
- Pre- and post-productivity ratios.
- Hours saved on the process.
- Headcount capacity created.
- Labor efficiency.

Cost savings/expense reduction
- Expense reduction.
- Cost of AI vs. efficiencies in the organization.
- Cost out.
- Change in operating expenses.
- Cost savings.
- Expense savings.

Return on investment and growth indicators
- Return on investment and capacity created for the team to focus on higher value work.
- Revenue from new services.
- Revenue growth from freed up capacity.
- Cost reduction and increased organic growthy.
- Reporting metrics.

Uncertainty or no measurement
- We have not figured this out yet.
- Not applicable as not currently utilizing.
- Too soon to know.
- Unknown at this time.
- Not yet determined.
- Open question.

*80 (69%) of respondents across five industries answered. Note, total number of comments is more than the total number of respondents because some CFOs cited multiple factors. These categories were developed based on responses to open-ended text questions.
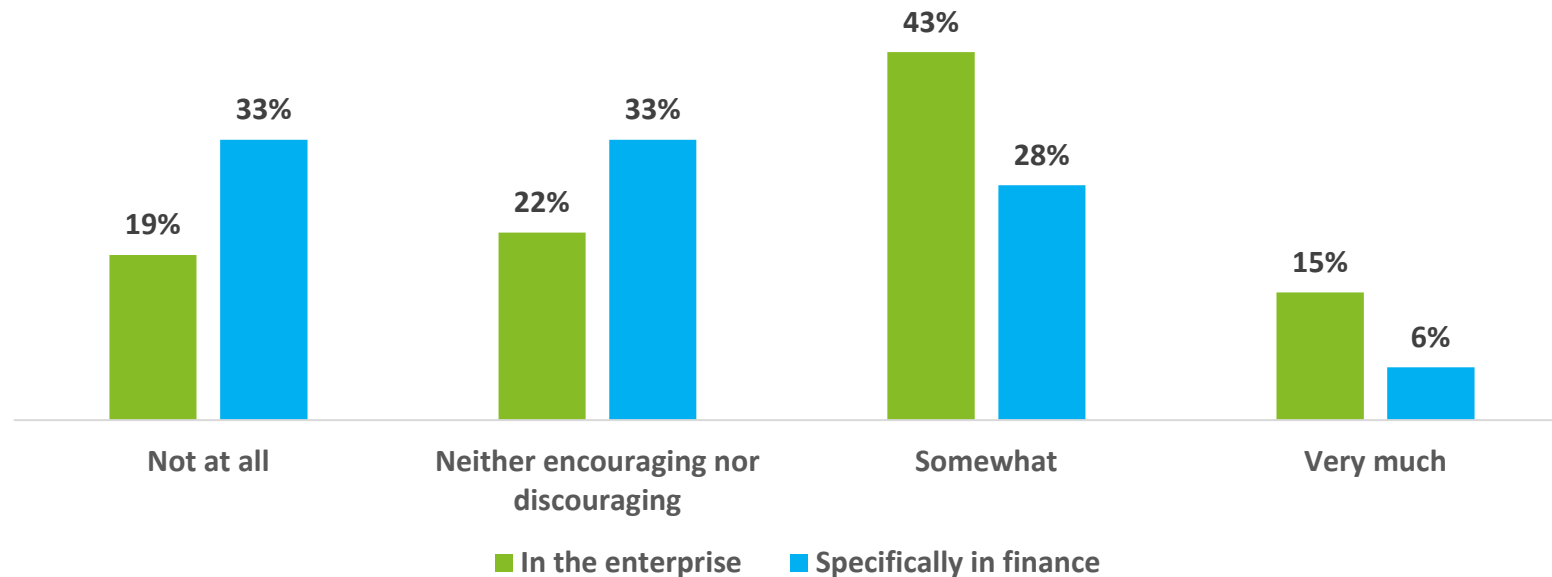
SPECIAL TOPIC – GENAI IN THE FINANCE ORGANIZATION & ENTERPRISE

Seventy percent of surveyed CFOs expect a 1% to 10% increase in productivity from using GenAI, with 13% of CFOs expecting the technology to yield even greater productivity.

About half (46%) of surveyed CFOs expect their enterprise's productivity would increase by 1% to 5% by using GenAI. Nearly one-quarter (24%) say they expect the technology to boost productivity by 5.1% to 10%. Another 8% expect productivity would increase between 10% and 20%, and 5% project productivity would be enhanced by more than 20%.

As some organizations seek to do more with less and boost productivity levels, it appears that using GenAI could be a useful tool regardless of company size.

How much of an increase in your enterprise's productivity do you expect from using GenAI? (N=111*)

Bar chart: Percentage increase in productivity
- Less than 1%: 17% of respondents
- 1% to 5%: 46% of respondents
- 5.1% to 10%: 24% of respondents
- 10.1% to 15%: 7% of respondents
- 15.1% to 20%: 1% of respondents
- More than 20%: 5% of respondents
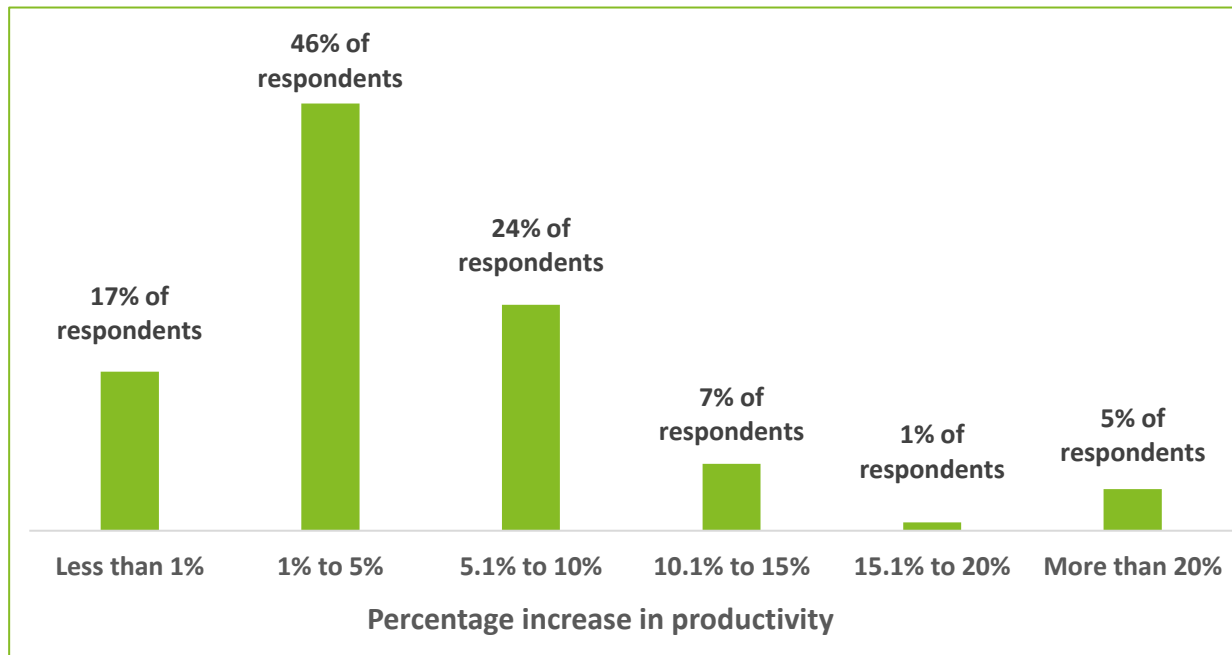
Crosstab: Percentage of CFOs (based on the size of the company) selecting each percentage range for the expected increase in productivity from GenAI for their organization. (N=111*)

Percentage increase in productivity expected from using GenAI	Percentage of respondents (categorized by company annual revenue in $US)			
	Less than $1B	$1B - $5B	$5.1B - $10B	More than $10B
Less than 1%	20%	13%	25%	17%
1% to 5%	45%	48%	56%	35%
5.1% to 10%	25%	29%	13%	22%
10.1% to 15%	0%	6%	6%	17%
15.1% to 20%	0%	2%	0%	0%
More than 20%	10%	2%	0%	9%

*111 (96%) of respondents across five industries answered.

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SPECIAL TOPIC – GENAI IN THE FINANCE ORGANIZATION & ENTERPRISE

Percentagewise, GenAI's slice of organizations' budgets and resources next year is expected to be relatively modest.

Close to two-thirds of surveyed CFOs (62%) expect less than 1% of their organizations' budget/resources to be allocated to GenAI next year. Another 37% of CFOs expect GenAI to be allocated between 1% and 10% of next year's budget, while 1% of CFOs expect 10% to 25%. These results are very similar to what we heard when we asked the same question in our 3Q23 *CFO Signals* survey.

Two industries—Technology, Media & Telecom and Consumer—expect to allocate more of next year's budget to GenAI than other industries, and only CFOs from the Consumer industry indicated plans to allocate more than 5% of next year's budget/resources to GenAI next year.

What percentage of your overall organization's budget/resources do you expect to be allocated to GenAI next year? (N=113*)

62% of respondents — Less than 1%
34% of respondents — From 1% up to 5%
3% of respondents — From 5% up to 10%
1% of respondents — From 10% up to 25%

Percentage of overall organizations' budget/resources to be allocated to GenAI next year
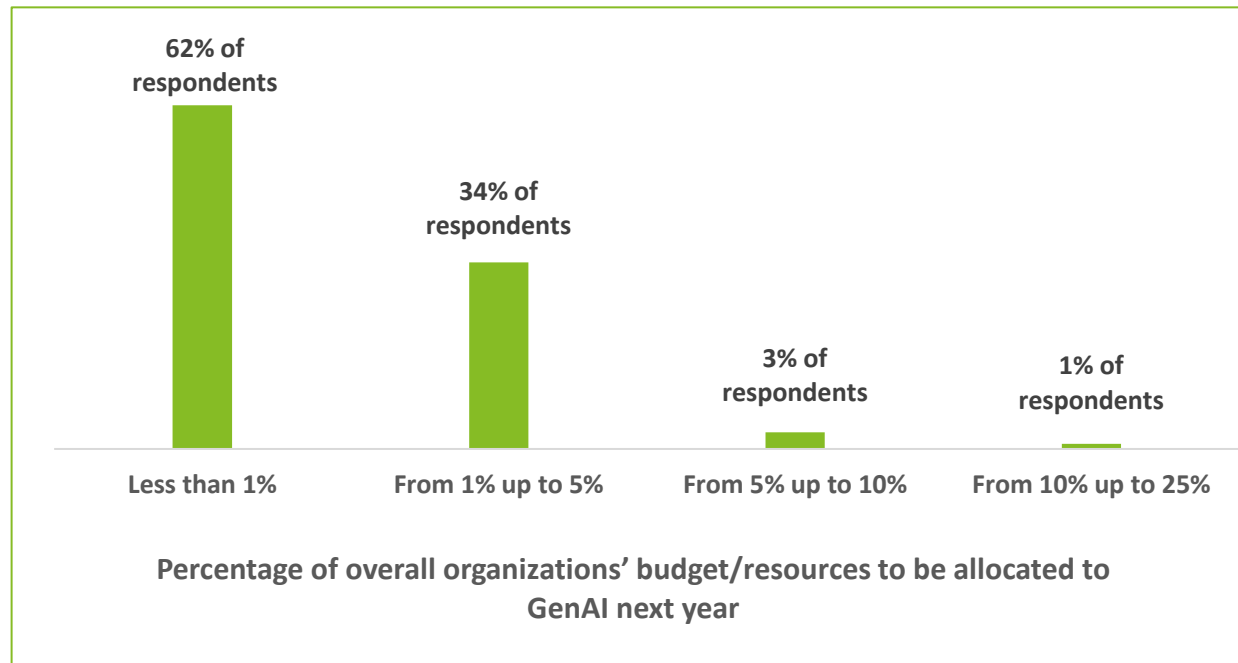
Crosstab: Percentage of CFOs by industry selecting each percentage range of their organization's budget/resources expected to be allocated to GenAI next year. (N=113*)

Percentage of budget to be allocated to GenAI next year	Percentage of respondents				
	CONSUMER	ENERGY, RESOURCES & INDUSTRIALS	FINANCIAL SERVICES	LIFE SCIENCES & HEALTH CARE	TECHNOLOGY, MEDIA & TELECOM
Less than 1%	59%	69%	74%	62%	27%
1% up to 5%	27%	31%	26%	38%	73%
5% up to 10%	11%	0%	0%	0%	0%
10% up to 25%	3%	0%	0%	0%	0%

*113 (97%) of respondents across five industries answered.

Appendix

Longitudinal trends
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])

		1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	Survey mean	2-year mean
Operating results	**Revenue** Mean	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%	4.9%	5.5%	5.1%	5.4%	5.5%	5.5%
	Median	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%	5.0%	5.0%	5.0%	5.0%	4.9%	5.3%
	%>0	91	92	91	91	86	81	82	86	81	28	59	85	90	93	90	90	90	80	79	63	76	80	82	84	86	83	79
	standard deviation	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%	6.9%	5.1%	5.7%	4.4%	6.1%	6.9%
	Earnings	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%	4.4%	8.3%	6.8%	7.3%	8.5%	6.3%
		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%	5.0%	7.0%	6.0%	6.0%	7.2%	6.1%
		88	94	89	85	82	80	80	83	82	27	63	85	86	86	85	82	84	74	71	59	65	70	80	79	85	81	73
		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%	10.5%	8.9%	8.5%	7.1%	11.5%	10.7%
Investment	**Dividends**	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%	2.9%	2.8%	2.6%	3.0%	3.7%	3.1%
		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%	0.0%	0.0%	0.0%	1.0%	0.2%	0.1%
		49	47	51	43	44	50	48	55	54	26	34	45	45	52	47	47	54	46	47	41	41	45	46	47	51	43	46
		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%	3.9%	3.7%	3.5%	3.8%	5.6%	4.6%
	Capital spending	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%	6.6%	6.2%	6.0%	5.8%	6.8%	6.2%
		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%	4.0%	5.0%	4.0%	5.0%	3.8%	4.1%
		70	73	70	58	58	57	53	49	56	26	41	61	69	80	73	66	71	57	56	49	61	61	63	64	68	60	60
		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%	9.3%	10.9%	8.4%	8.0%	13.5%	10.9%
Talent	**Number of domestic personnel**	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%	1.4%	1.8%	1.6%	1.8%	2.0%	2.4%
		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%	0.0%	1.5%	1.0%	1.0%	1.2%	1.7%
		66	65	66	61	64	54	56	54	44	19	41	51	60	75	72	82	81	79	61	56	62	47	55	55	57	55	59
		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%	4.0%	4.0%	3.6%	3.1%	4.6%	4.1%

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

	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	Survey mean	2-year mean
Optimism (% more optimistic)	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%	30.3%	40.5%	37.9%	42.2%	43.2%	30.9%
Neutrality (% no change)	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%	45.9%	40.5%	35.5%	46.6%	35.8%	42.2%
Pessimism (% less optimistic)	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%	23.8%	19.0%	26.6%	11.2%	21.2%	26.8%
Net optimism (% more optimistic minus % less optimistic)	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%	6.6%	21.6%	11.3%	31.0%	22.0%	4.1%
S&P 500 price at survey period midpoint	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	4,138	4,468	4,495	4,953	2,614	4,285
S&P gain/loss QoQ	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%	0.0%	8.0%	0.6%	10.9%	3.0%	1.6%
U.S. equity valuations (% who say overvalued)	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%	39.0%	56.0%	34.7%	65.2%	64.1%	41.7%

[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.

Consumer—Expectations and sentiment
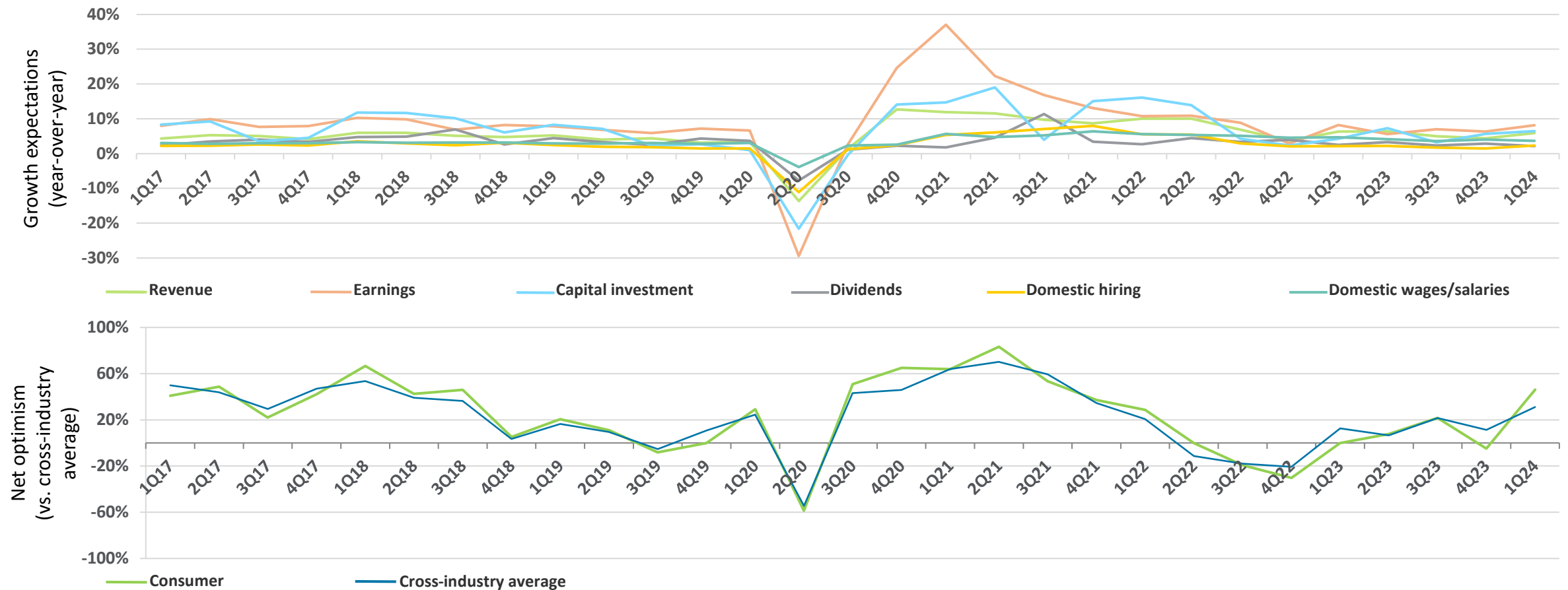
Composition: Respondents include manufacturers of consumer products and food processing (44%), retail/wholesale (23%), transportation and logistics (10%), and tourism/hospitality/leisure (8%). Fifty-six percent of the respondents are from public companies.

Sentiment/expectations: Net optimism among this industry's CFOs increased to +46 from -5 in 4Q23. Year-over-year growth expectations for revenue and earnings increased to 5.9% and 8.2%, respectively, from 4.4% and 6.3% in 4Q23. Their expectations for YOY growth in capital investment increased to 6.5% from 4Q23's 5.6%. CFOs lowered their growth expectations for dividends to 2.1% from 2.9% in the prior quarter. Growth expectations for domestic hiring rose to 2.3% from 1.5%, and their growth expectations for domestic wages/salaries decreased to 3.7% from 4% in 4Q23.

Energy, Resources & Industrials—Expectations and sentiment
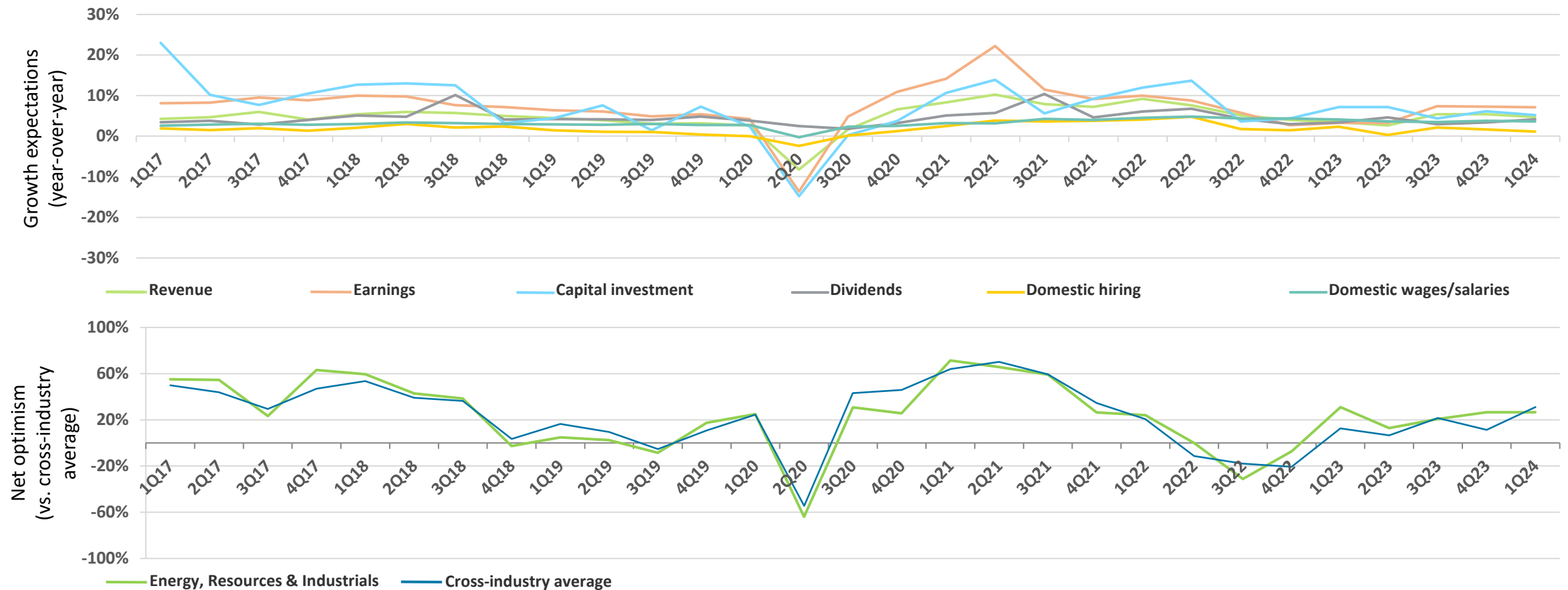
Composition: Respondents are mostly from manufacturers of specialty chemical, aerospace/defense, industrial equipment (60%), power and utilities (20%), oil, gas, and mining (13%), with the remaining from engineering and construction. Eighty-three percent of respondents are from public companies.

Sentiment/expectations: Net optimism among CFOs from this industry remained unchanged at +27 compared to the previous quarter. Their year-over-year expectations for growth in revenue decreased to 4.7% from 5.4% in the prior quarter. Expectations for growth in earnings fell to 7.1% from 7.3% in 4Q23. In addition, CFOs' growth expectations for capital investment decreased to 5.2% from 6.1% in 4Q23. Expectations for growth in dividends increased to 4.1% from 3.4% in the previous quarter. CFOs' growth expectations for domestic hiring fell to 1.1% from 1.7% in 4Q23, and their growth expectations for wages/salaries also dipped to 3.6% from 3.8% in 4Q23.

Financial Services—Expectations and sentiment
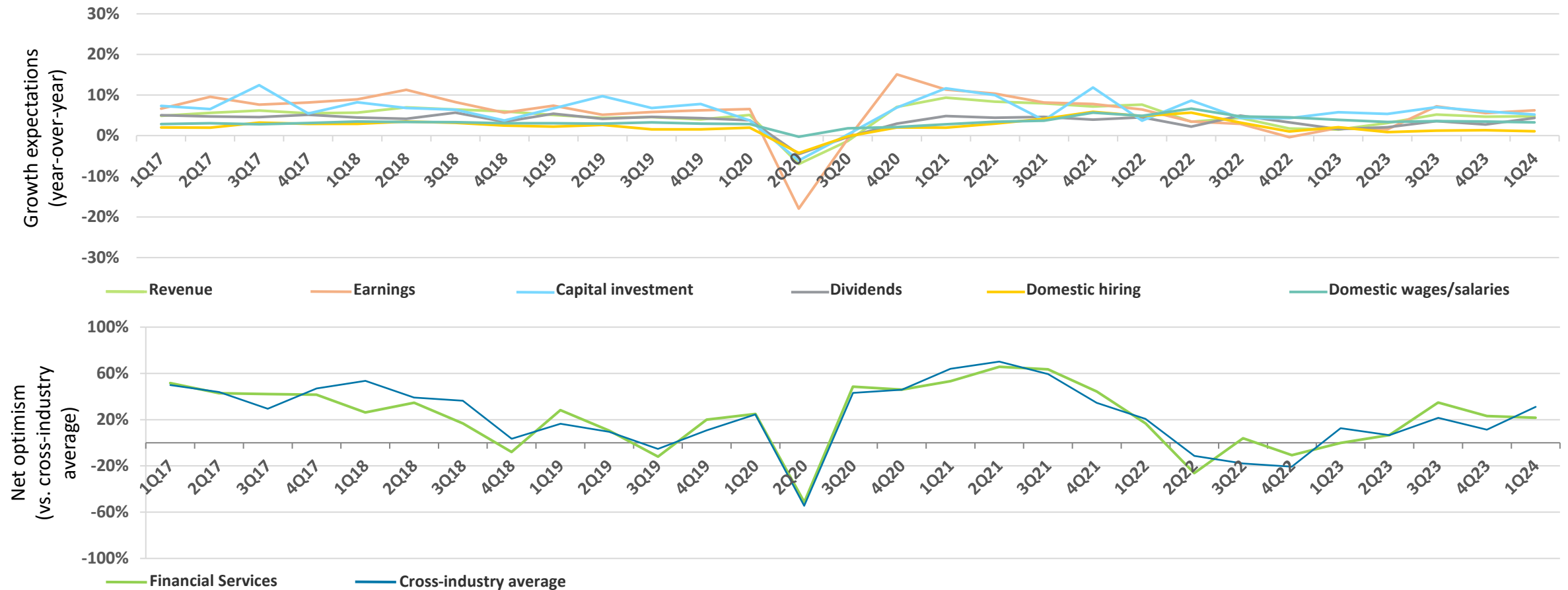
Composition: Respondents include real estate (39%), insurance (30%), banking and securities (13%), private equity/hedge funds (13%), with the remaining respondents from investment management. Seventy percent of respondents are from public companies.

Sentiment/expectations: Net optimism among this industry's CFOs dipped to +22 from last quarter's +23. Compared to 4Q23, year-over-year growth expectations for revenue increased this quarter, to 4.8% from 4.7%, and earnings growth expectations on a year-over-year basis increased this quarter to 6.2% from 5.5%. Expectations for YOY growth in dividends increased to 4.4% this quarter from 2.7% in 4Q23. CFOs' expectations for YOY growth in capital investment decreased to 5.2% from 6% in 4Q23. Growth expectations for domestic hiring fell to 1.1% from 4Q23's 1.4%. CFOs' expectations for growth in domestic wages/salaries fell to 3.2% from 3.5% in 4Q23.

Life Sciences & Health Care—Expectations and sentiment
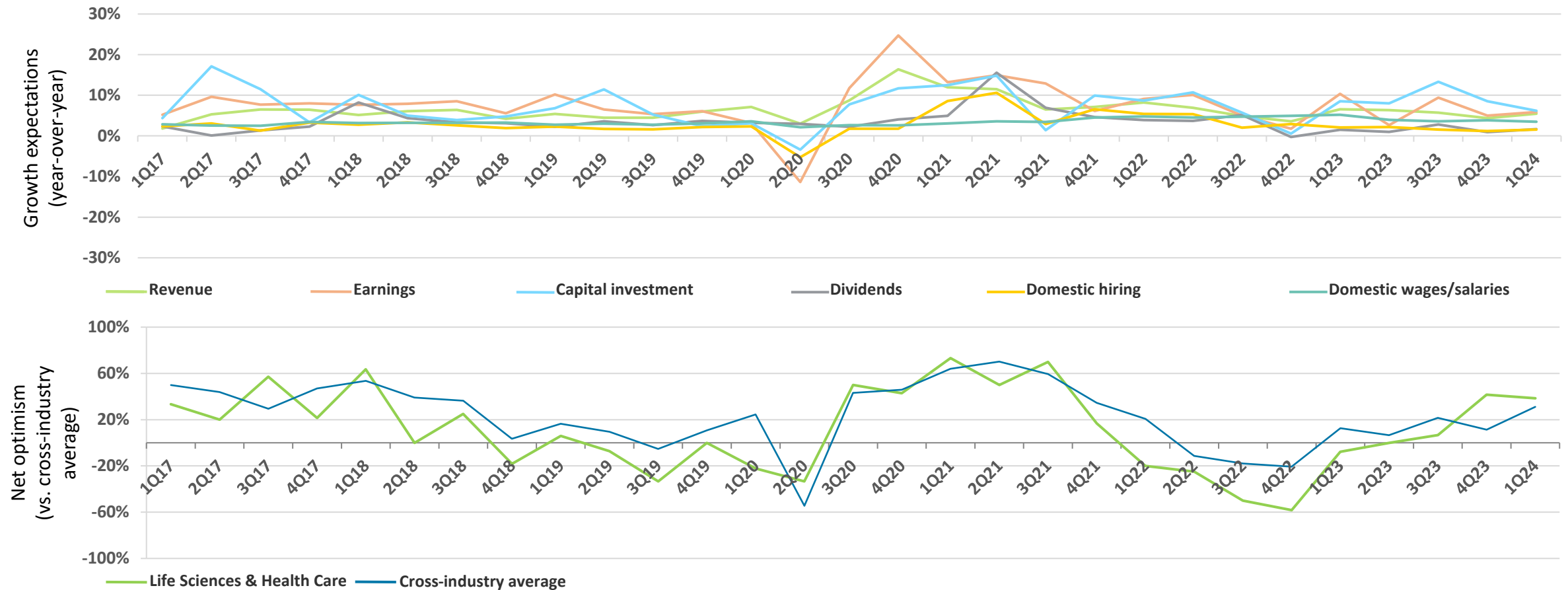
Composition: Respondents are from life sciences and pharmaceuticals (54%) and health care providers (46%). Fifty-four percent of respondents are from public companies.

Sentiment/expectations: Net optimism among this industry's CFOs fell to +38 from 4Q23's +42, despite upturns in CFOs' year-over-year growth in some key metrics. CFOs' YOY growth expectations for revenue increased to 5.5% in 1Q24 from 4.3% in 4Q23. Earnings growth expectations also increased, to 5.9% from 5% in 4Q23. CFOs' growth expectations for capital investment fell to 6.2% from 8.5% in 4Q23, while their expectations for YOY growth in dividends increased to 1.7% from 0.9%. Expectations for domestic hiring growth jumped to 1.5% from 1.2% in 4Q23. CFOs' expectations for growth in domestic wages/salaries fell to 3.5% from 3.8% in the previous quarter's survey.

Technology, Media & Telecommunications—Expectations and sentiment
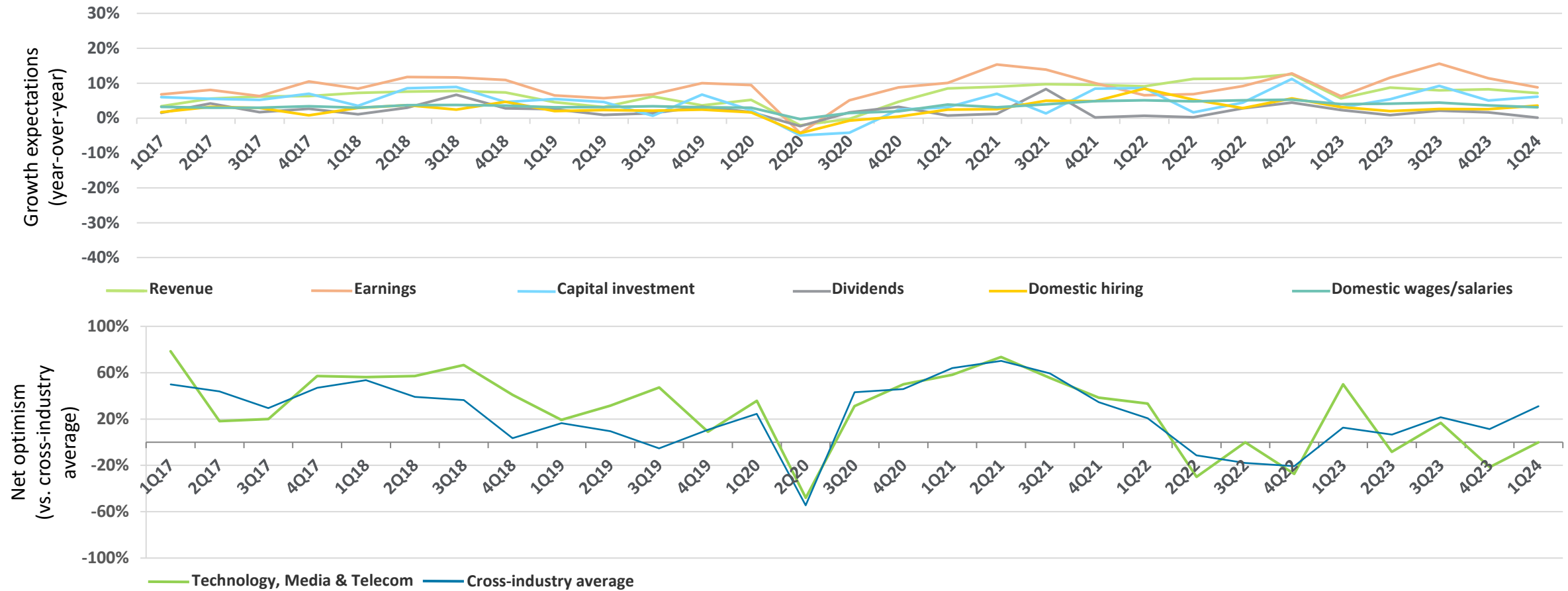
Composition: The majority (82%) of respondents are from hardware, software, data processors, cloud technology, cybersecurity, industrial automation, and information technology companies, with the remaining respondents from media and communication equipment firms. Seventy-three percent of respondents are from public companies.

Sentiment/expectations: Net optimism among CFOs in this industry came in at +0, compared to last quarter's -21. Their year-over-year growth expectations for revenue decreased to 7.2% from 4Q23's 8.3%, and their earnings growth expectations fell to 8.8% in this quarter's survey from 11.4% in 4Q23. Their growth expectations for capital investment rose to 6.1% from last quarter's 5%, while expectations for growth in dividends declined to 0.1% from 1.7% in 4Q23. Expectations for growth in domestic hiring increased to 3.6% from to 2.6% in 4Q23, and expectations for domestic wages/salaries fell to 3.1% from 3.7% in the previous quarter.

Overall, which internal risk worries you the most? *(Participants' responses to open-ended text questions.)*

- Ability and time to adapt.
- Ability to navigate technological changes (e.g., AI, RPA).
- Ability to scale.
- AI.
- AI.
- Being able to generate continuous productivity improvements.
- Capacity for large capital projects.
- Capital.
- Capturing share.
- Cash burn.
- Commitment to change.
- Complacency.
- Complacency.
- Complacency.
- Continued franchisee confidence and capital.
- Cost control.
- Cost control.
- Cost management.
- Cost management.
- Cost productivity.
- Credit.
- Culture.
- Culture change with new leadership.
- Cyber.
- Cyber.
- Cyberattacks.
- Cyberattacks.
- Cybersecurity.
- Cybersecurity.
- Cybersecurity.
- Cybersecurity.
- Cybersecurity risks.
- Debt leverage.
- Digital transformation.
- Discipline.
- Driving growth.
- Effective use of AI.
- Efficiency.
- Elections.
- Ensuring we have the right workforce and skills to achieve our strategic ambition.
- Errors.

- Execution.
- Execution.
- Execution.
- Execution.
- Execution.
- Execution of technology upgrades.
- Execution on key strategic deliverables.
- Execution risk.
- Execution, driving growth in a coordinated way.
- Failure to accelerate use of technology/artificial intelligence to drive speed.
- Finding employees and retaining.
- Focus.
- Growth.
- Growth pressure and increased competitive intensity.
- Hiring and retaining talent.
- HR issue.
- Human capital management.
- Impact of inflation on employees and our ability to retain customers.
- Incorrect forecasting of sources and uses.
- Information technology execution.
- Interest rates.
- Investment alternatives.
- Job cuts and pay stagnation.
- Labor.
- Labor availability.
- Lack of skilled labor.
- Leadership changes.
- Level of capital investments.
- Loss of personnel.
- Maintaining culture.
- Managing capital projects while managing growth.
- Margin expansion.
- Margin pressure.
- Momentum of new products.
- New product development.
- New product launches and excess inventories.
- Operating execution.
- Operational.
- Operational execution.
- Overconfidence.

- Overhead growth.
- Overuse of debt for growth.
- Pace of change for improvements is too slow.
- Pace of investment to capitalize on opportunity.
- People.
- People.
- People and intellectual capital.
- Performance.
- Political.
- Pricing.
- Pricing discipline.
- Process.
- Productivity.
- Productivity.
- Recruiting and retaining people.
- Recruitment and retention.
- Resources and competencies.
- Retaining highly skilled employees.
- Retaining talent.
- Risk management.
- Running our new set of assets efficiently.
- Sales/marketing strength.
- Significant turnover within key roles.
- Slowing revenue growth.
- Speed to market.
- Staff availability - especially engineers.
- Staff retention.
- Staffing.
- Strategy aligned to market demand.
- Successful execution of large initiatives.
- Successful execution of large-scale digital transformation initiative.
- Talent.
- Talent.
- Talent.
- Talent.
- Talent.
- Talent.
- Talent.
- Talent.
- Talent.
- Talent.
- Talent attraction and development.

- Talent development.
- Talent management.
- Talent retention.
- Talent retention.
- Talent retention.
- Talent turnover.
- Talent/hiring.
- Technology adoption that's too slow.
- Turnover.
- Volume growth.
- Wage inflation.
- Workforce.

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.

Overall, which external risk worries you the most? *(Participants' responses to open-ended text questions.)*

- AI.
- AI.
- American presidential election fallout.
- Availability of debt capital given challenges with office debt.
- China.
- Chinese tensions.
- Civil unrest domestically.
- Climate.
- Climate change.
- Competition.
- Competitors.
- Consumer consumption.
- Consumer demand.
- Consumer health.
- Consumer spending.
- Continued high interest rates.
- Continued interest rate pressure.
- Cost of labor.
- Currency.
- Currency volatility.
- Cyber.
- Cyber.
- Cyber.
- Cyber risk.
- Cybersecurity.
- Cybersecurity.
- Cybersecurity.
- Deglobalization.
- Disruption to the capital markets that will make access to capital difficult for most market participants.
- Economic.
- Economic.
- Economic downturn.
- Economic slowdown.
- Economy.
- Election.
- Election.
- Election.
- Election.
- Election of the next president in US.
- Elections.
- Elevated interest rates.
- External conflicts.
- Federal deficits and debt growth becoming viewed as unsustainable and driving up borrowing costs.

- Financial markets.
- Fiscal policy.
- GDP growth.
- Geopolitical.
- Geopolitical.
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- Geopolitical.
- Geopolitical.
- Geopolitical.
- Geopolitical.
- Geopolitical conflicts.
- Geopolitical events.
- Geopolitical events.
- Geopolitical environment with US and China.
- Geopolitical risks.
- Geopolitical tensions.
- Geopolitical tensions.
- Geopolitical tensions and impact on supply chains and inflation.
- Geopolitical uncertainty.
- Geopolitics.
- Geopolitics.
- Geopolitics.
- Global economy slowdown.
- Global election cycle.
- Global growth.
- Global inflation.
- Global inflationary pressures (deglobalization, military spending, labor union pressures).
- Global instability.
- Global interest rates and monetary policy.
- Global political environment.
- Global unrest.
- Government intervention in business.
- Health of consumer.
- Health and resilience of the economy. Will we see a recession and if so, how deep?

- Health of consumer.
- High interest rates.
- High interest rates.
- Immigration.
- Impact of geopolitical events on the markets and the US presidential election's impact on policy.
- Inflation.
- Inflation.
- Inflation.
- Inflation driving interest rates, with a recession.
- Interest rate.
- Interest rate pressure on housing.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates.
- Interest rates being too restrictive for too long.
- Legislative.
- Logistic.
- Macro developments.
- Macro disruption caused by economic policies.
- Macroeconomic.
- Macroeconomic.
- Macroeconomic factors.
- Macroeconomics.
- Market spend.
- Medical costs.
- Mortgage and Interest rates need to come down and existing home sales need to recover.
- National debt.
- Persistent inflation.
- Polítical.
- Political.
- Political instability.
- Political landscape.
- Political risk (particularly around debt/taxes/monetary policy).
- Presidential election.
- Recession.
- Recession.
- Regulation.
- Regulation.

- Regulation.
- Regulators/government/tax.
- Regulatory.
- Regulatory.
- Regulatory.
- Regulatory oversight.
- Slower-than-expected technology Capex spend given macro uncertainties.
- Socio-political.
- Soft landing.
- Some black swan we are due.
- Speed of recovery in manufacturing.
- State of the economy.
- Supply chain.
- Supply chain volatility.
- Supply chains not necessarily from the logistical standpoint but rather continued product portfolio rationalizations in which key suppliers are exiting product lines that serve as key raw material or sub-components for our manufacturing operations
- Third parties (TPRM).
- Uncertain economic outlook.
- Uncontrolled federal spending and the long-term implications for inflation and our economy generally.
- United States election.
- Unreasonable macro expectations.
- US failing to support Ukraine and the geopolitical results that would entail.
- US general election fallout, US government not approving a budget.
- US government instability (divided congress, poor presidential options/leadership, little attention to debt).
- US political disruption.
- US politics.
- US presidential election.
- US presidential elections.
- Wage inflation.
- Wage inflation through min wage regulation.
- Wage pressures and impact on ongoing inflation.
- War.
- War.
- War.
- War escalation.
- Wars in Ukraine/Middle East.

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.

If you have shifted finance-related tasks to incorporate GenAI, for which specific finance tasks are you using these technologies? *(Participants' responses to open-ended text questions.)*

- Accounting.
- Accounts receivable, payroll.
- AP Invoices.
- Automation of manual work.
- Billing, collections.
- Cash applications.
- Data movement, data aggregation and analytics.
- Financial planning & analysis - ease of reporting to free up teammates on deeper analysis and developing insights.
- Forecasting.
- Forecasting and planning.
- FP&A first round analytics.
- Gen AI is not ready to contribute significantly to either efficiency or effectiveness of most operations. The impacts to most functions are vastly overestimated at this point.
- Investor relations.
- Invoice processing.
- Memo drafting.
- N/A.
- N/A.
- N/A.
- N/A.
- N/A.
- N/A.
- N/A.
- N/A.
- N/A.
- N/A.
- N/A.
- N/A.
- N/A.
- N/A.
- N/A.
- N/A.
- N/A.
- N/A.
- No.
- No.
- No changes yet.
- None.
- None.
- None yet.
- None yet.

- Not applicable yet.
- Not so much.
- Not using Gen AI currently.
- One-click reporting
- Proposal writing.
- Repetitive tasks.
- Reserve estimations.
- Robotics.
- Routine repetitive tasks.
- Shared services.
- Shared services - record to report.
- Transactional services.
- Treasury.

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How do you intend to measure the value from your organization's investment in GenAI? *(Participants' responses to open-ended text questions.)*

- Actual results.
- Budget control.
- Change in operating expenses.
- Conversion rates for sales, hours saved for employees.
- Cost of AI vs efficiencies in organization.
- Cost out, revenue drivers.
- Cost reduction and increased organic growth.
- Cost savings.
- Cost savings.
- Cost savings and increase in productivity/ efficiency.
- Cost savings are the key measurement stick for use of GenAI.
- Cost versus improvement in productivity.
- Cycle times and other productivity measures (ultimately leading to scalable leverage in people costs).
- Demonstrating the benefits of implementing AI.
- Department-specific KPIs and cost changes.
- Depends on areas it is introduced.
- Don't know.
- Efficiency measures where deployed.
- Expense reduction.
- Expense savings.
- Expense savings.
- FTE hours saved.
- FTE trends.
- Headcount.
- Headcount.
- Headcount / Effectiveness.
- Headcount capacity created.
- Headcount reduction.
- Hours saved on the process.
- Hours worked on specific tasks.
- Labor efficiency.
- Liberated hours, revenue from new services.
- Measure base line effort and then effort post-production live.
- N/A.
- N/A.
- N/A.
- N/A.
- Not applicable as not currently utilizing.
- Not at all.
- Not sure.
- Not sure.

- Not sure.
- Not sure yet. More productivity of staff is one possibility.
- Not yet.
- Not yet determined.
- Not yet determined.
- Open question.
- Outcomes, speed, and accuracy.
- Overhead spend.
- People cost, quality, efficiency, process improvement.
- People costs per dollar of revenue.
- Pre and post productivity ratios.
- Product quality.
- Productivity improvements.
- Productivity improvements.
- Productivity per person.
- Productivity pipeline dollars.
- Productivity, cost.
- Reduction in headcount; process improvements.
- Reductions in operating expenses and in labor and benefit dollars.
- Return on investment and capacity created for the team to focus on higher value work.
- Revenue growth from freed-up capacity.
- ROI - hard savings.
- ROI.
- ROI.
- ROIC.
- Small finance and marketing staff.
- Survey on resource needs, reporting metrics.
- TBD but likely a traditional ROI model.
- TBD.
- TBD.
- TBD.
- TBD.
- To start, measure the cost of maintaining GenAI skillsets/software compared to labor savings.
- Too soon to know.
- Unknown.
- Unknown at this time.
- Unsure.
- We have not figured this out yet.
- Within finance, timed saved on projects and reporting relative to without AI.

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.

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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 within four 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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