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# Enterprise Digital Transformation Is Fueled By Finance And IT Alignment

Connected Leaders And Common Operating Rhythms Are Paramount To Success

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## Executive Summary

**The alignment of finance and IT is a critical enabler of enterprise digital transformation.** IT and finance leaders agree that their organizations' business units require a close and strategic partnership to successfully drive digital transformation across the enterprise, but a lack of knowledge-sharing and alignment complicates their ability to streamline end-to-end processes and technology.

As digital stewards for their organizations, CFOs and senior IT executives contend with siloed operations, outdated technology, and budget pressure from macroeconomic uncertainty that limit the speed at which they can make progress. To provide a clearer digital transformation roadmap, these leaders need to align. To do this, they require a platform driven by shared processes and accountability.

CrossCountry Consulting commissioned Forrester Consulting to evaluate the modern state of digital transformation, including how leaders can overcome critical challenges that impede their progress and harness opportunities to improve it. Forrester conducted an online survey with 306 US-based finance and IT leaders with digital decision-making authority at companies across a wide range of industries that generate more than \$100 million in annual revenue. To identify the keys to successful digital transformation, respondents were classified by maturity levels based on five dimensions of initiatives at their organizations: structure, culture, talent, technology, and strategy. Those scoring in the bottom one-third are low maturity, those scoring in the middle are medium maturity, and those scoring in the top one-third are high maturity.

Ultimately, the findings of this study spotlight the alignment of platform and process across finance and IT as the enabler that ignites holistic digital transformation.

## Key Findings

**Finance and IT alignment is critical for transformation.** Ninety-five percent of leaders agree that for digital transformation to succeed, it is important for finance and IT to establish a close and strategic partnership. Alignment starts with a shared interpretation and accountability of the rules. Leaders from both business units say unified governance and understanding of policies (84%) is the top determinant of success.

**Silos block functional connectivity, especially for finance.** Seventy-two percent of finance leaders say their department is siloed or very siloed, compared to 61% of IT leaders. Nearly two-thirds of respondents agree that silos also persist between finance and IT and throughout the organization. This is more apparent in low-maturity organizations and is perpetuated by a lack of operational alignment and understanding of end-to-end processes.

**Alignment requires scalable technology and shared processes.** Finance and IT leaders agree that successful alignment requires mutual accountability and investment in technology-driven platforms that deliver scalability and speed. For example, AI/business intelligence (BI)-based decision support is a platform that leaders are prioritizing to improve their organizations' digital transformation efforts.

**Digital transformation drives future fitness.** For finance and IT leaders, the most important outcomes of successful digital transformation include improved security, innovation, customer experience, and agility and adaptability. These are key elements of future fitness, which can help organizations build competitive advantage and resiliency.

# Forrester's Digital Maturity Model

This digital maturity model classifies organizations based on structure, culture, talent, technology, and strategy.<sup>1</sup>

LOW MATURITY	MEDIUM MATURITY	HIGH MATURITY
<b>CRITERIA</b>		
The respondent disagrees that their organization is implementing critical digital maturity practices.	The respondent is indifferent about or in slight agreement that their organization is implementing critical digital maturity practices.	The respondent fully agrees that their organization is implementing critical digital maturity practices.

**IT and finance leaders from high-maturity organizations are taking these actions:**

STRUCTURE	CULTURE	TALENT	TECHNOLOGY	STRATEGY
Spearheading cross-functional, cross-departmental teams that drive better outcomes for the business	Rewarding creativity, outside-in thinking, and behaviors that stimulate a focus on innovation	Proactively identifying and developing people with design, development, and customer-facing skills to manage digital initiatives	Playing a key role in directing the development of the organization's technology strategy and promoting experimentation with emerging technology	Having ownership of or involvement with a portfolio of digital programs and initiatives to drive better stakeholder engagement, strengthen internal controls, and improve operational efficiency

# Digital Transformation Requires Connected Leadership

The success of digital transformation relies on a strategic partnership between finance and IT functions and those who lead them. Regardless of who is tasked with leading the organizational effort — whether it’s the CFO or a senior IT executive (e.g., CIO, CTO) — both groups know that they need to collaborate on a foundational level. However, each group holds divergent perspectives of the other’s leadership and partnership.

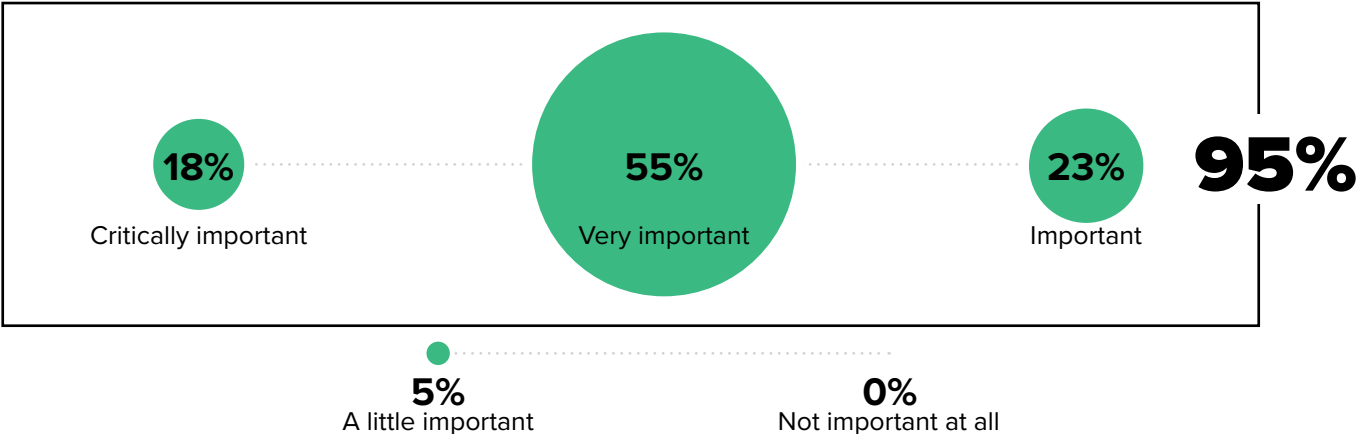
Leaders are focused on improving their organizations’ technology tools and processes, but they need to do so as partners. Establishing new connections is both a key challenge and an opportunity for CFOs and IT executives to drive better digital transformation together.

In surveying 306 finance and IT leaders about the current state of their organizations’ operations and near-term strategic goals, we found that:

- **Successful digital transformation is dependent on alignment between IT and finance.** Ninety-five percent of surveyed finance and IT leaders agree that for digital transformation to succeed, it is important for their business units to establish a close and strategic partnership, and 72% say it’s critical or very important (see Figure 1).

**Figure 1**

**“In order to succeed at digital transformation, how important is it to establish a close and strategic partnership between finance and IT?”**

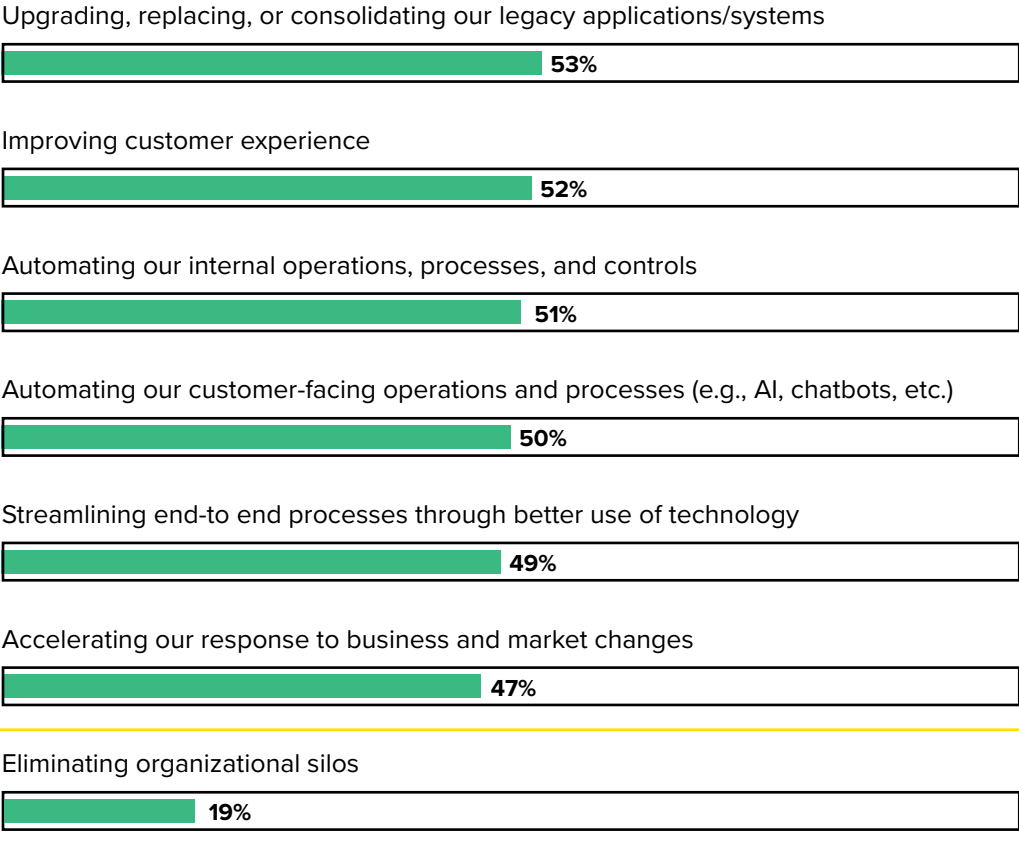


Base: 306 managers or C-level leaders in finance and IT with responsibility for transformation strategy at their company  
Note: Separate values do not total 100 because of rounding.  
Source: A commissioned study conducted by Forrester Consulting on behalf of CrossCountry Consulting, March 2023

Leaders say alignment is critical to both the digital transformation of their organization and to their individual goals as each business unit reports the top determinant of its success is unified governance and understanding of policies (84%).

- **Upgrading technology and processes is a top priority.** Upgrading, replacing, or consolidating legacy applications/systems (53%) is the most common strategic or digital initiative on the roadmap of IT and finance leaders. They are also focused on evolving technology and process by automating internal operations (51%), streamlining end-to-end processes (49%), and accelerating their responses to business and market challenges (47%) (see Figure 2). Evolving technology and processes is critical, but for transformation to succeed, they also must be connected.

**Figure 2**  
**Strategic And Digital Initiatives Leaders Are Prioritizing During The Next 12 Months**



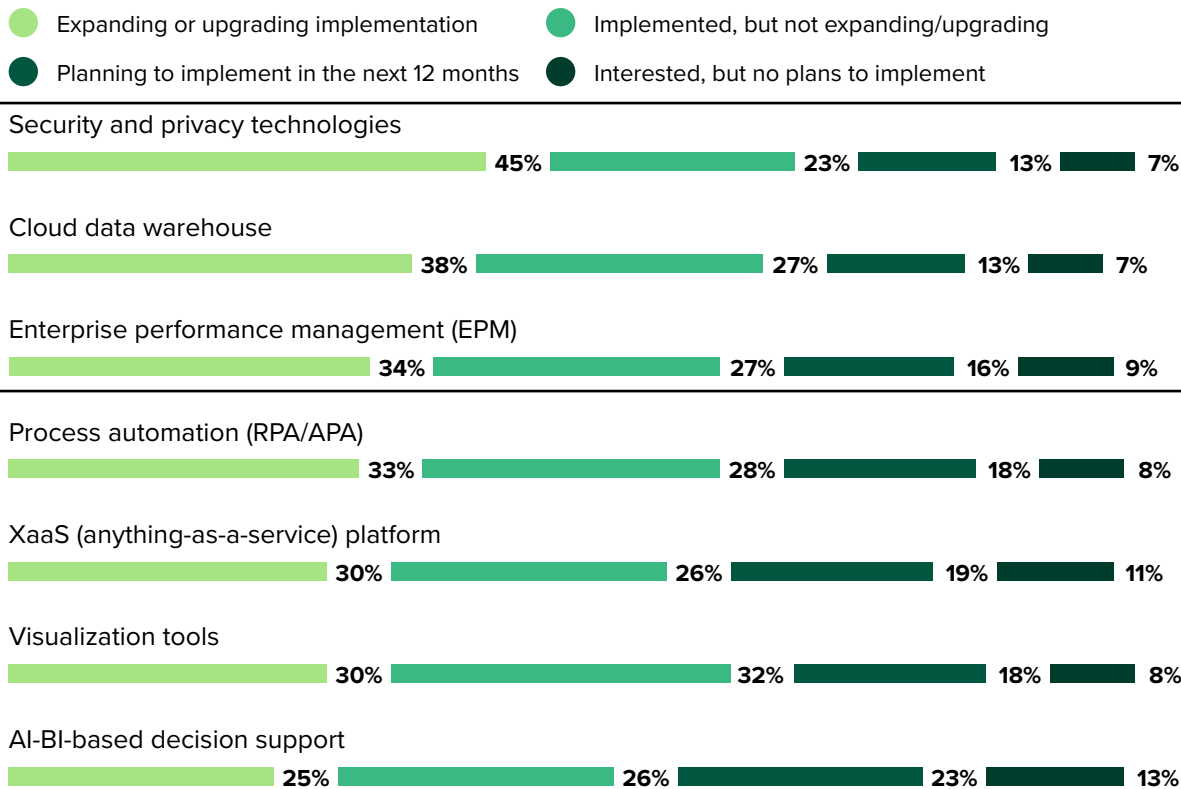
Base: 306 managers and C-level leaders in finance and IT with responsibility for transformation strategy at their company  
Note: Showing top 7 responses.  
Source: A commissioned study conducted by Forrester Consulting on behalf of CrossCountry Consulting, March 2023

- Digitally mature organizations invest in AI and expand AI-forward technology.** Finance and IT leaders say the most implemented and expanding technology and applications for their organizations are security and privacy (67%), cloud data warehouses (66%), and enterprise performance management (EPM) (62%). The adoption and expansion of these AI-forward tools is even higher among organizations with greater digital maturity, which are investing and expanding more in security (74%), cloud (70%), and EPM (65%).

AI/BI-based decision support continues to rise in prominence. Seventy-seven percent of respondents from organizations with high digital maturity say their firm is either planning to implement it or is currently implementing and expanding it. This is especially true of those in manufacturing (80%) and the technology, media, and telecommunication (TMT) industry (77%) (see Figure 3). [Forrester predicts](#) AI and AI content-generating tools (e.g., TuringBots, ChatGPT) will become a part of indispensable and trusted enterprise platforms.<sup>2</sup>

**Figure 3**

**“To what extent have you implemented the following technology tools/applications as a part of your digital transformation?”**



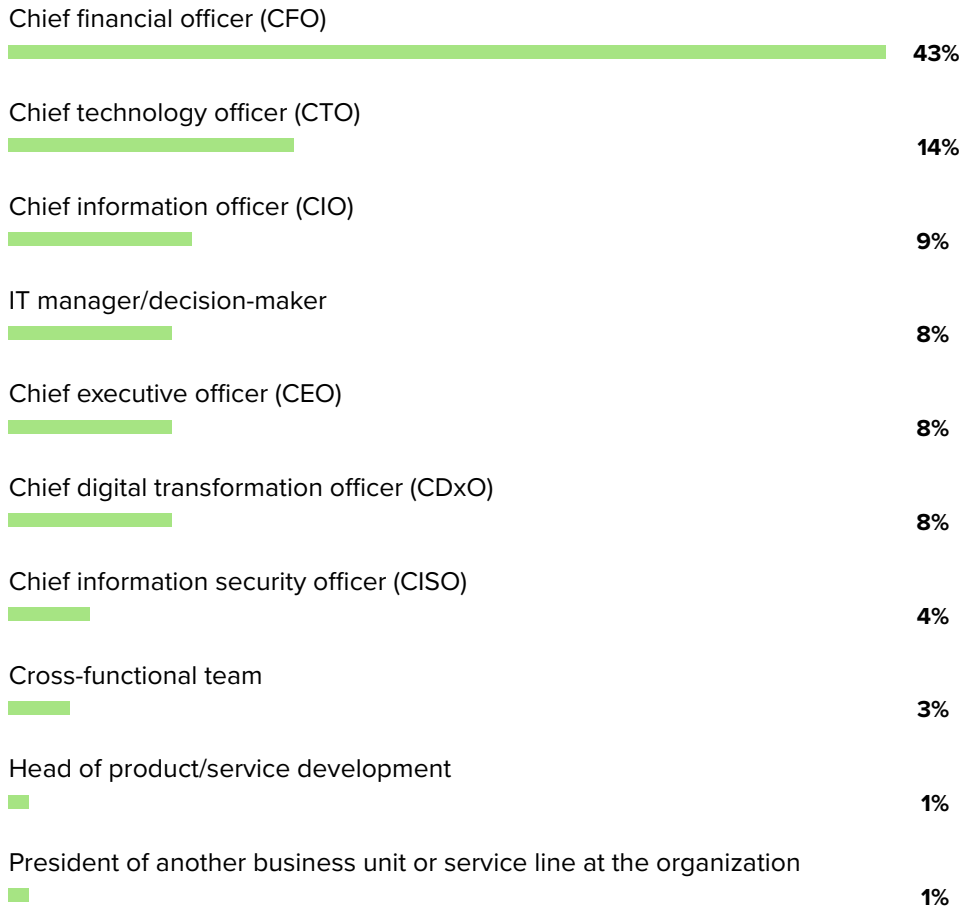
Base: 306 managers and C-level leaders in finance and IT with responsibility for transformation strategy at their company  
 Source: A commissioned study conducted by Forrester Consulting on behalf of CrossCountry Consulting, March 2023



- CFOs are leading enterprisewide digital transformation more frequently than IT roles.** Forty-three percent of respondents say their CFO is leading their organization’s strategy and execution of its digital transformation (see Figure 4). This representation is even higher among leaders from the business and financial services industry (50%), the TMT industry (49%), and enterprise/large enterprise organizations with more than \$1 billion in assets (45%).

**Figure 4**

**“Who is or is expected to be primarily responsible for leading the strategy and execution of your organization’s digital transformation?”**



Base: 306 managers and C-level leaders in finance and IT with responsibility for transformation strategy at their company  
 Source: A commissioned study conducted by Forrester Consulting on behalf of CrossCountry Consulting, March 2023

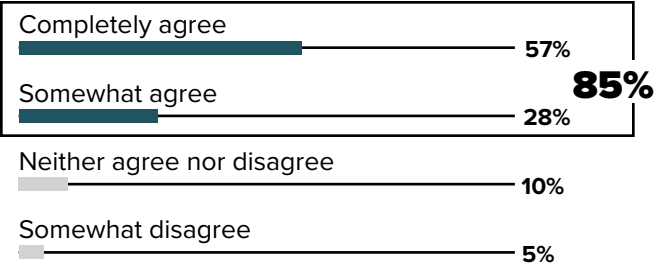
IT has a broader spectrum of digital transformation leaders, with CTOs (14%), CIOs (9%), chief digital transformation officers (CDxOs) (8%), and CISOs (4%) filling the role for different organizations. Notably, 87% of respondents agree that CISOs are actively involved in digital transformation efforts. This helps spotlight the critical role that security plays in both the strategic goals and [outcomes of digital maturity](#).

- Digital leadership impact varies by function and industry.** Ninety-two percent of IT respondents say that their counterparts in finance have been effective digital partners, and 84% of finance leaders say the same about IT. However, when it comes to leadership of digital transformation, there is a more significant gap in perspective. Seventy-two percent of respondents agree that their CFO is an effective leader of their organization’s digital strategy, but IT executives have a higher leadership rating (85%) (see Figure 5).

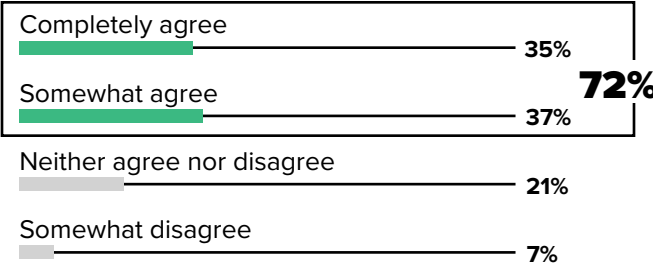
**Figure 5**

**“How much would you agree that your [digital transformation leader] has been effective at digitally transforming your organization?”**

**IT EXECUTIVES AS LEADERS\***

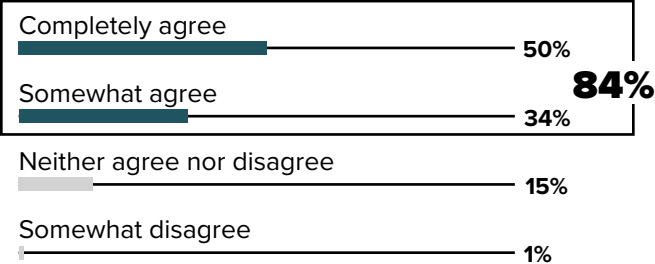


**CFO AS A LEADER†**

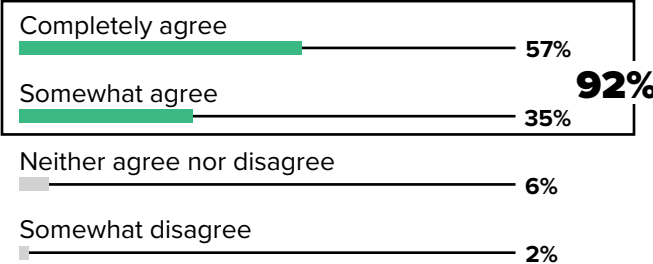


**“How much would you agree that your IT/finance function has been an effective digital transformation partner?”**

**IT AS A PARTNER‡**



**FINANCE AS A PARTNER§**



Base: 306 managers and C-level leaders in finance and IT with responsibility for transformation strategy at their company

\*Base: 155

†Base: 103

‡Base: 151

§Base: 155

Source: A commissioned study conducted by Forrester Consulting on behalf of CrossCountry Consulting, March 2023

The lowest rating of CFOs as effective digital leaders comes from respondents at TMT organizations (67%) who rate IT leaders significantly higher (89%). However, leaders from manufacturing organizations rated CFOs as much more effective than average (81%). This highlights an opportunity for organizations to consider variable factors like industry when choosing a digital steward that is best for them.

- **Finance is inherently less digitized than IT.** Seventy-five percent of overall respondents and 85% of those from organizations with high digital maturity say end-to-end processes within their firm's IT function are either mostly or fully digitized. This is compared to just 67% of leaders within finance, and the number is unchanged among leaders from organizations in which CFOs are the leaders of digital transformation. To effectively lead the way for enterprisewide transformation, finance needs to close the gap in its own adoption of digital technologies.

**43%**

of respondents say their CFO is leading the strategy and execution of their organization's digital transformation.

## Silos, Legacy Tech, And Market Pressure Slow Digital Progress

Several internal and external factors can stop digital transformation in its tracks. For finance and IT leaders, especially those from low-maturity firms, organizational silos are forming barriers to the strategic partnership and alignment of digital transformation at every level, and they are being perpetuated by operational disconnect and decentralized communication.

Macroeconomic volatility is another challenge complicating digital transformation for both finance and IT leaders, who are trying to sustain financial growth for their organizations during a period of rising costs. To mitigate these challenges, drive progress, and build resiliency through digital transformation, finance and IT will need to break down silos that prevent further alignment.

In surveying finance and IT leaders about the internal and external challenges impacting their organizations' digital transformations, we found that:

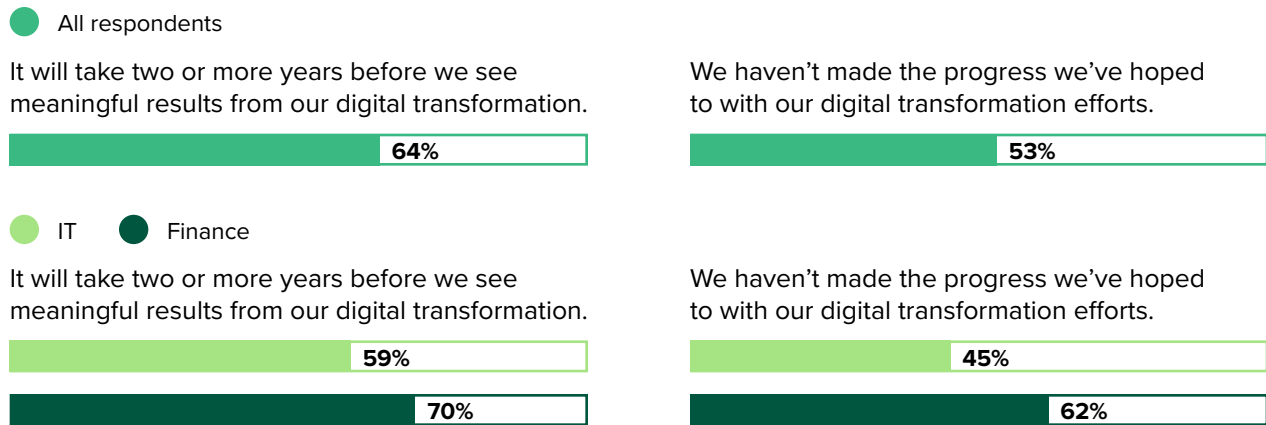
- **To meet expectations, digital progress must improve.** Sixty-four percent of all respondents agree that it will take two or more years before their organization sees meaningful results from its digital transformation. Finance leaders (70%), and those from firms with low digital maturity (67%) feel even more strongly about it.

Finance respondents are also more likely to agree that their enterprise organizations haven't made the digital transformation progress they've hoped for (62%) compared to IT respondents (45%). Finance is also calling for a change in digital leadership (69%) more strongly than IT (54%). This spotlights a key disconnect in perception and expectations between the two departments (see Figure 6).

**Figure 6**

**“Based on the current state of your digital transformation, how much do you agree with each of the following statements?”**

(Somewhat/Completely agree responses shown)



Base: 306 managers and C-level leaders in finance and IT with responsibility for transformation strategy at their company  
Source: A commissioned study conducted by Forrester Consulting on behalf of CrossCountry Consulting, March 2023

**Silos are critical barriers to partnership.** Seventy-two percent of finance leaders say their department is siloed or very siloed, compared to 61% of those in IT. Silos are obstructing alignment at multiple levels throughout organizations, with respondents agreeing that they persist not only between finance and IT (65%), but throughout the entire organization (62%) (see Figure 7).

Overall, finance leaders are significantly more impacted by organizational silos than IT leaders. Fifty-two percent of finance leaders rank this as a top challenge to overall digitization compared to 34% of IT leaders. Organizations with low digital maturity are also much more likely to be siloed within each individual department (70%) and across finance and IT (67%).

Among finance and IT leaders, poor visibility through a lack of knowledge sharing and cross-functional alignment can act as an organizational silo. This is perpetuated by the absence of operational alignment (45%), a misunderstanding of end-to-end processes (44%), decentralized communication (42%), and disconnected back-office and front-office operations (37%).

Figure 7

“To what degree is your organization functionally siloed at each of the following levels?”

● Very siloed ● Siloed

Within my individual department (e.g., finance or IT)



Between finance and IT



Throughout the entire organization



**Finance (72%)**  
is more internally siloed than **IT (61%)**.

Organizations with high digital maturity are less siloed within and across finance and IT.

Base: 306 managers and C-level leaders in finance and IT with responsibility for transformation strategy at their company  
Source: A commissioned study conducted by Forrester Consulting on behalf of CrossCountry Consulting, March 2023

Compared to making technology upgrades, eliminating organizational silos (19%) is much less of a priority on leaders' strategic roadmaps, but it is critically important (see Figure 2). For enterprisewide transformation to be successful, finance and IT must invest the time up front to remove functional barriers and to operate as effective business partners.

- **Collaboration, technology, and budget are key pain points, especially for finance.** In many aspects of digital transformation, finance leaders view common challenges differently than their IT counterparts. A higher percentage of finance leaders indicate a lack of collaboration (50%), outdated technology (49%), and lack of budget (46%) when compared to IT (38%, 40%, and 41%, respectively). This gap in experience and perception paints a picture of the operational disconnect between both teams and highlights an opportunity to align across all aspects of transformation, including planning and budgeting.

### **Macroeconomic uncertainty puts digital budgets in the spotlight.**

Neither finance nor IT departments are immune to market volatility. Given the current state of financial operations, 60% of respondents agree that their organization is not prepared to sustain another year of macroeconomic uncertainty. A CIO for a retail organization said this creates reduced budgets across the board, and a CFO for an energy and utilities company said, “Volatile prices of almost everything are making it difficult for us.”

Despite this volatility, other leaders view the state of the market and economic uncertainty in general as a wakeup call for digital transformation, and some of their organizations are even increasing their investments. A VP of IT stated, “[Amid macroeconomic uncertainty,] we have increased investment in digital technologies such as cloud computing, artificial intelligence, and cybersecurity, which are critical components of digital transformation efforts.”

“The current macroeconomic environment following the shift to remote work and digital communication has highlighted the importance of digital infrastructure and capabilities.”

### **CIO, technology and tech services organization**

## Shared Platforms And Processes Are Key To Alignment

For finance and IT leaders, successful digital transformation means a more secure, innovative, and agile organization. To achieve this success, however, leaders recognize that their organizations must forge alignment with simplified, scalable technology and establish a connective thread of shared process and responsibility. If successful at aligning and upgrading their processes, finance and IT leaders can digitally transform their functions and, as a result, they can evolve their organization into being resilient, creative, adaptive, and future fit.

In surveying finance and IT leaders about their opportunities to improve their alignment and the ideal outcomes of successful digital transformation, we found that:

- **Alignment begins with technology and process.** Finance and IT leaders say that to successfully align, their organizations need to implement technology-driven platforms (e.g., AI, anything as a service [XaaS], CRM, cloud warehouses, etc.) that deliver scalability and speed (54%). Connecting and expanding the use and governance of technologies increases their digital impacts and footprints across their organizations. Additionally, leaders say it's essential to leverage shared accountability across each function for egoless and boundaryless decision-making (52%) and to provide a simplified platform experience across all functions (52%) (see Figure 8).

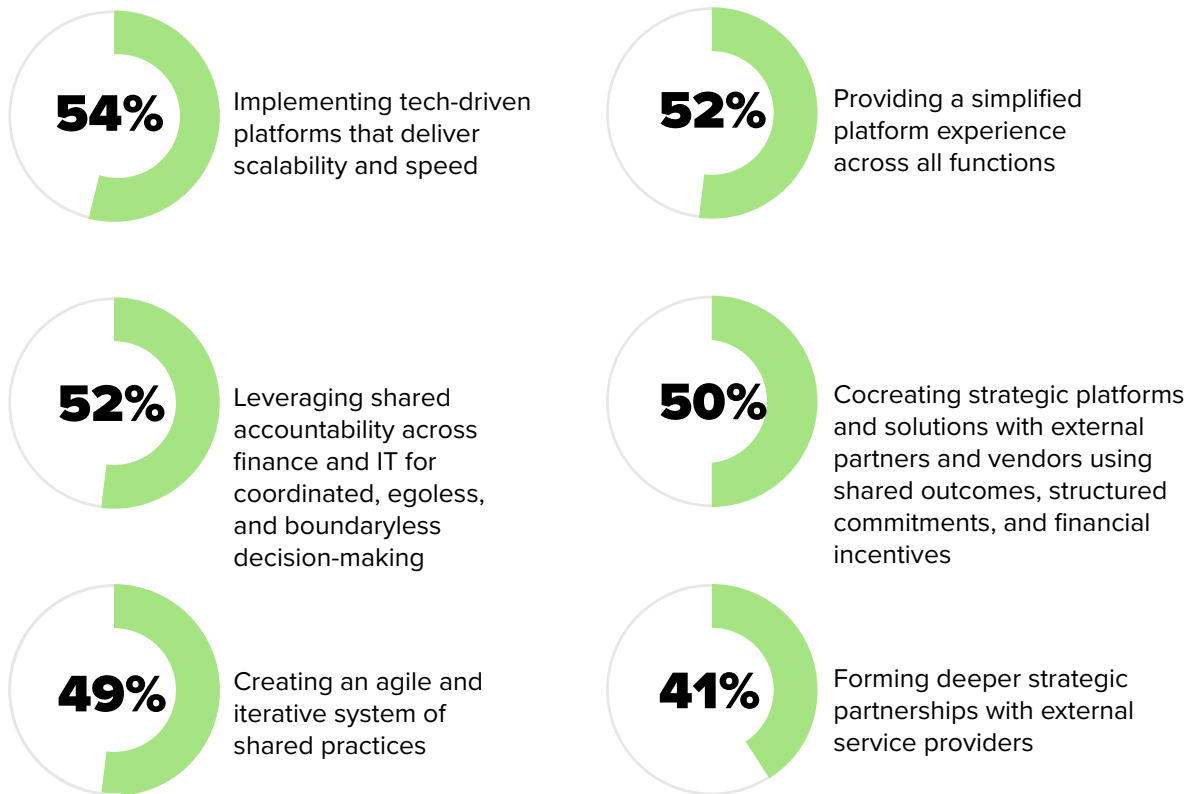
Notably, respondents from organizations with high digital maturity are significantly more focused on creating a simplified platform experience (58%) compared to those from firms with low maturity (46%). This spotlights the importance of establishing an integrated strategy and streamlining technology across the organization.

- **AI is seen as a foundation for digital benefits.** Respondents view AI-/BI-based decision-support applications as a top source of benefits to support digital evolution (21%). This interest in AI underscores an opportunity for digital transformation leaders that are planning more near-term investments in AI to invest and align their organization's operations on an AI-based platform.



Figure 8

“Which of the following strategies would best allow your finance and IT functions to successfully align on digital transformation?”



Base: 306 managers and C-level leaders in finance and IT with responsibility for transformation strategy at their company  
Source: A commissioned study conducted by Forrester Consulting on behalf of CrossCountry Consulting, March 2023

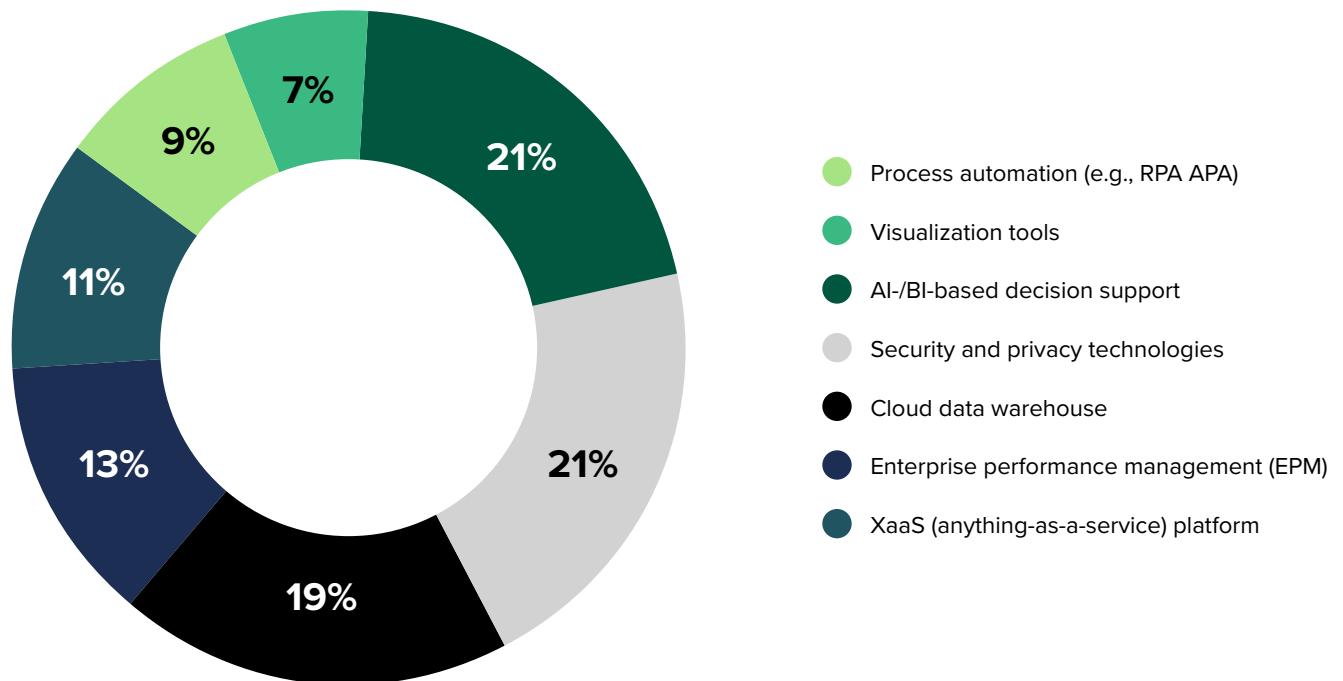
AI-forward applications like security and privacy (21%) that help mitigate risk, in addition to data warehouses (19%), and EPM (13%), are also among the top tools leaders desire for their digital benefits (see Figure 9).

- **Bipartisan alignment accelerates digitization.** There is agreement between finance (51%) and IT (51%) departments that increased visibility through mutual knowledge sharing and cross-functional alignment supports the digitization of their end-to-end processes. This presents an opportunity for both teams to connect and drive digital goals.

Additionally, finance and IT leaders say visibility encourages skilled workers to engage across teams (45%) and synchronize cross-department operating models and rhythms (42%).

**Figure 9**

**“Which of the following types of technology tools/applications would provide you with the most important benefits for your digital transformation?”**



Base: 306 managers and C-level leaders in finance and IT with responsibility for transformation strategy at their company

Note: Percentages do not total 100 because of rounding.

Source: A commissioned study conducted by Forrester Consulting on behalf of CrossCountry Consulting, March 2023

- **Digital transformation fuels future fitness.** Finance and IT leaders rank improved security (40%), improved IT to promote innovation (39%), improved customer experience (38%), and agility and adaptability (34%) as the most important outcomes of successful digital transformation. Although leaders say growing revenue is a top strategic goal for success within their own departments, the survey shows that revenue growth (32%), improved ROI (27%), and cost reduction (23%) are comparatively less powerful outcomes of digital transformation than security, innovation, and agility (see Figure 10).

Digital transformation drives resiliency, customer obsession, creativity, and adaptability, which are all characteristics of future-fit organizations.<sup>3</sup> This means that by aligning process and accountability, finance and IT leaders can improve their organizations’ future fitness and promote flexible, sustainable growth.

**Figure 10**

**“From an enterprisewide perspective, what are the most important outcomes of a successful digital transformation?”**



Base: 306 managers and C-level leaders in finance and IT with responsibility for transformation strategy at their company

Note: Percentages do not total 100 because of rounding.

Source: A commissioned study conducted by Forrester Consulting on behalf of CrossCountry Consulting, March 2023

## Key Recommendations

To maximize the impact and progress of digital transformation, finance and IT need to form a connective thread between their platforms and process. For organizations on this journey, there are key actions and initiatives that can shape the path to alignment, such as setting common goals, streamlining technology, and balancing investments between service and growth.

Forrester's in-depth survey of finance and IT leaders about the challenges and opportunities for digital transformation yielded several important recommendations:

### **Set common goals and operating rhythms.**

As the survey findings show, there is an operational misalignment between finance and IT when it comes to establishing a common understanding of what transformation looks like. Overcoming this misalignment involves both functions working together to establish a common future-fit vision across key technology platforms, well-aligned practices, and the ecosystem of partnerships — both internal and external. Shared workflows and cross-functional teams with mutual discovery, governance, and prioritization are core components of digital maturity. Finance and IT must commit to a common set of key actions, including evaluating external and emerging technologies together, using agile principles to map the customer journey, and designing data strategies that help measure output and drive efficiency. Connecting these goals and operating rhythms will only help improve the progress of transformation.

### **Finance teams need to transform from within to fuel enterprise success.**

Digital transformation is not an abstraction. No part of an organization can be left behind on the quest to transform, including and especially the finance department. Before embarking on a broader charter to support organizations' digital transformations, the finance teams and the CFOs leading them should look inward with a focus on digitizing key processes. Technologies that enable large swathes of finance processes to operate autonomously (e.g., advanced

analytics, process automation, AI, and the cloud) are coming into maturity. Forward-thinking CFOs can utilize these technologies to envision and enact the true transformation of their function. Finance must develop organizational capacity to support this transformation in areas such as change management and continuous improvement.

Internally, finance must also set common goals and operating rhythms. Misalignments are forming between financial planning and analysis (FP&A) leaders, controllers, strategy leaders, finance transformation offices, and these internal forces will benefit from having an established set of shared principles to follow. Not only will this drive the streamlining and modernization of the finance function, but it will also establish a working partnership between finance and IT along the roadmap to finance transformation.

### **Seek balance and alignment with technology investment.**

Most leaders say a key priority for technology investment strategy is to find the right balance between expenditure that supports growth and outlays to manage legacy. The latter includes spending around legacy upkeep and managing technical debt. Finance teams have traditionally focused on spend management, while growth-centric or innovation-centric budgetary decisions have been taken outside of finance. As finance leaders evolve toward becoming digital stewards, they must get closer to and more effective at working with their peers in IT and business to establish the right balance between these varied spends. This goes for IT teams as well, which are inherently more digitized. IT leaders must extend the olive branch of technology and process to create a partnership with finance. Amid a market characterized by volatility and high inflation, it is now more critical than ever to streamline and align technology resources and investments.

## Appendix A: Methodology

In this study, Forrester conducted an online survey of 306 US-based finance and IT leaders with digital decision-making authority at companies across a wide range of industries including financial services, technology, manufacturing, and healthcare that generate more than \$100 million in annual revenue. The purpose of this study was to evaluate the current and evolving state of digital transformation along with its drivers, challenges, benefits, and opportunities. Forrester identified the organizations these leaders represent as having low, medium, or high digital maturity based on initiatives across five dimensions: structure, culture, talent, technology, and strategy. This study began and was completed in March 2023.

## Appendix B: Demographics

COUNTRY	
US	100%

RESPONSIBILITY LEVEL	
Final decision-maker	59%
Partial decision-maker	29%
Influential decision-maker	12%

KNOWLEDGE LEVEL OF DIGITAL DECISION-MAKING	
Highly knowledgeable	45%
Very knowledgeable	39%
Knowledgeable	16%

INDUSTRY (TOP 5)	
Financial services/insurance	13%
Tech/tech services	13%
Manufacturing/materials	10%
Retail	9%
Business/professional services	8%

NUMBER OF EMPLOYEES	
20,000 or more	17%
5,000 to 19,999	23%
1,000 to 4,999	34%
500 to 999	25%

COMPANY REVENUE	
>\$5B	15%
\$1B to \$4.99B	42%
\$500M to \$999M	29%
\$100M to \$499M	13%

DEPARTMENT	
IT	51%
Finance	49%

ROLE (TOP 5)	
Chief financial officer	23%
Director	23%
Vice president	17%
Manager	14%
Chief information officer	9%

Note: Percentages may not total 100 due to rounding.



## Appendix C: Endnotes

<sup>1</sup>Source: Ted Schadler, [“Assessing Your Digital Maturity – What Does Excellence Look Like?”](#) Forrester Blogs

<sup>2</sup>Source: [“Predictions 2023: Artificial Intelligence,”](#) Forrester Research, Inc., October 27, 2022.

<sup>3</sup>Source: [“The Best Tech Organizations Are Future Fit,”](#) Forrester Research, Inc., September 28, 2022.



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