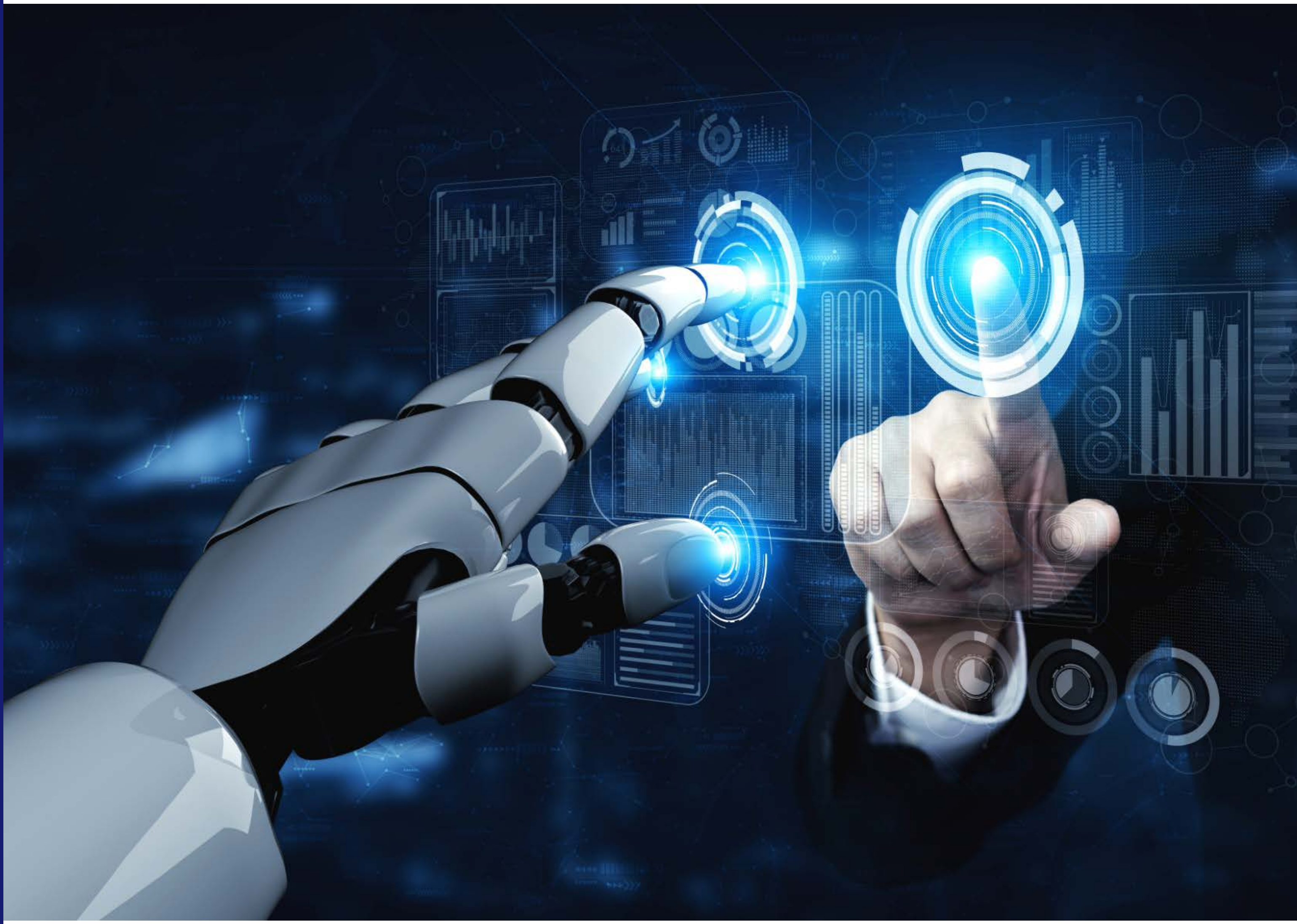
financial education &
research foundation



FINANCIAL EXECUTIVES PRIORITIES 2026 REPORT

Table of Contents

Executive Summary

The 2026 Financial Executives Priorities Report, developed in partnership with Forvis Mazars and Financial Executives International (FEI), captures the perspectives of over 200 senior finance leaders, including CFOs, CAOs, and controllers, across industries, regions, and company sizes. Drawing on survey data and in-depth interviews, the report highlights the evolving priorities, challenges, and strategies shaping the finance and accounting landscape for 2026.

GROWTH MINDSET WITH EMPHASIS ON COST EFFICIENCY & TECHNOLOGY

Growth remains the north star, but its definition is shifting. Revenue and market expansion and cost optimization remain the leading priorities, yet technology enablement has surged in importance, signaling a shift toward technology-driven growth and efficiency. This dual focus reflects a strong emphasis on digital transformation, AI adoption, and process-centered efficiency. Leaders are concentrating resources on high-ROI capabilities, such as streamlining processes, modernizing platforms, and deploying AI where the return on investment (ROI) is clearest.

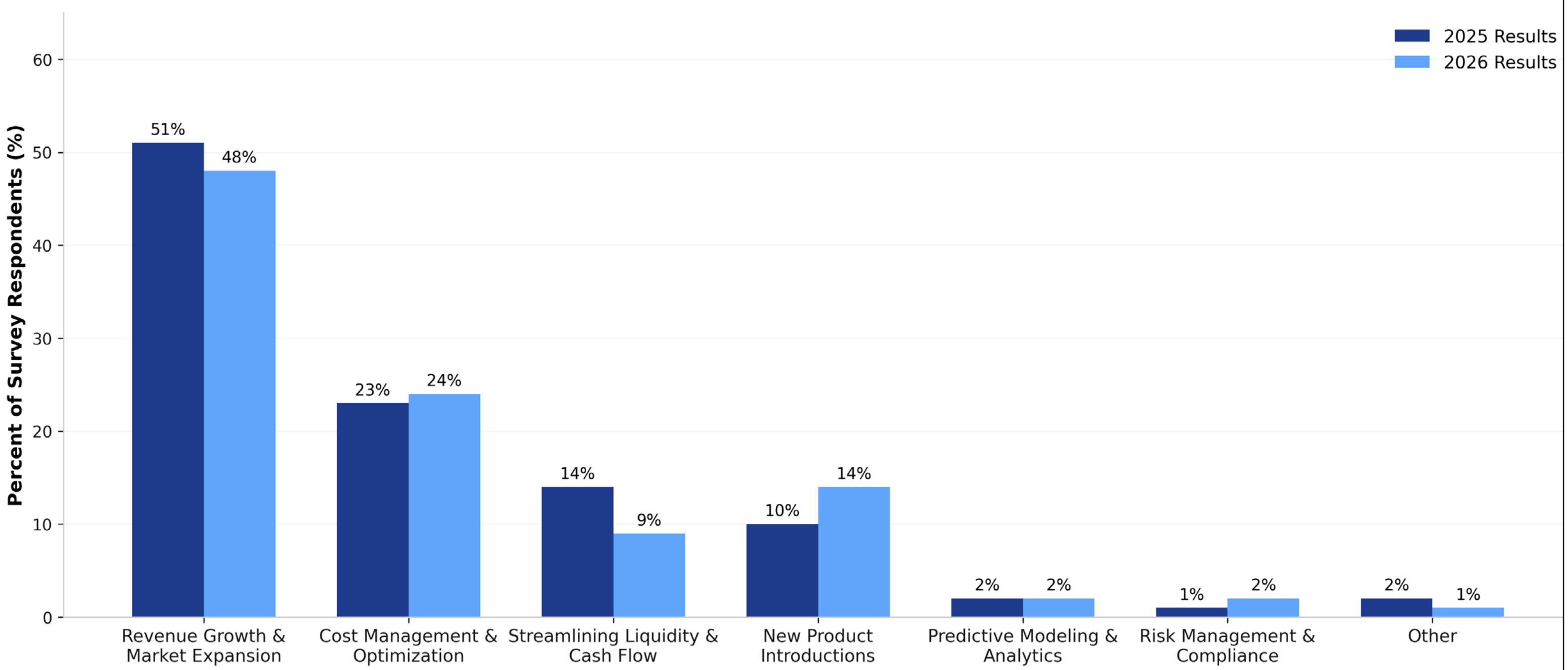
While top priorities remain consistent with those of last year, one notable shift stands out: finance leaders are accelerating the adoption of new financial technologies, signaling a stronger commitment to digital transformation and a pivot of investment to regulatory compliance.

	2025	2026
TOP FINANCIAL PRIORITIES SUMMARIZED	1. Revenue growth and market expansion 2. Cost management and optimization 3. Strengthening liquidity and cash flow management	1. Revenue growth and market expansion 2. Cost management and optimization 3. Implementing new financial technologies

Executive Summary

FIGURE 1: WHAT WILL BE YOUR TOP FINANCIAL PRIORITY FOR 2026?

Scale Rating Responses: Top 3 Priorities



SUMMARY OF FINDINGS

This year's report explores five key areas, which we examine in-depth throughout this report:

1 **Economic & Industry Outlook**
Confidence with Caution

2 **Strategic & Financial Priorities**
Turning Ambition into Action

3 **Talent & Workforce**
Building Capability for the Future

4 **Cybersecurity & Risk Management**
Resilience in a Digital World

5 **AI & Digital Transformation**
From Exploration to Execution

Summary of Findings

1 ECONOMIC & INDUSTRY OUTLOOK | *Confidence with Caution*

Economic optimism is high: U.S. real GDP growth is forecasted at 1.7%, with global growth at 3.1–3.3%. Regional confidence often outpaces national sentiment, driven by proximity, control, and local market strength.

Macroeconomic pressures: Aggressive U.S. tariff policies and persistent inflation are prompting finance leaders to adapt through inventory buffering, supply chain flexibility, and automation.

Industry trends: Economic confidence has clear differences among various industries.

2 STRATEGIC & FINANCIAL PRIORITIES | *Turning Ambition into Action*

Efficiency-driven growth: Finance teams are streamlining operations, automating AR / AP, and modernizing ERP systems to drive transformation.

Working capital management: Macroeconomic conditions, supply chain disruptions, regulatory changes, and digital investments influence companies differently across industries.

M&A appetite: Remains stable but selective, with technology-driven organic growth favored over acquisitions. Mid-market companies ($250M–$999M annual revenue) show the strongest interest in M&A and digital transformation.

3 TALENT & WORKFORCE | *Building Capability for the Future*

Headcount strategies: Point to potential growth in the labor market as companies across the board look to increase headcount.

Skills priorities have shifted: Data, technology, and AI now outrank traditional FP&A. Upskilling, role redesign, and digital enablement are emphasized to capture automation benefits while preserving institutional knowledge.

Wage strategies: Most organizations plan increases matching inflation, with limited reliance on pay adjustments for retention.

Summary of Findings

4 CYBERSECURITY & RISK MANAGEMENT | *Resilience in a Digital World*

Cybersecurity remains a top-tier risk: AI adoption spikes allow companies to standardize controls, leading to moderating concern levels. However, AI also heightens exposure to cyber threats and fraudulent activities, necessitating enhanced focus on effective risk management strategies.

5 AI & DIGITAL TRANSFORMATION | *From Exploration to Execution*

Goal of AI adoption meets readiness gaps: With the majority of companies looking to continue on their digital transformation journey, only a small percentage of organizations feel prepared for integration of AI tools and systems.

Digital transformation budgets: Budget allocation gives color to the digital transformation commitment.

SECTION ONE

ECONOMIC & INDUSTRY CONFIDENCE

ENTERING 2026 WITH CONFIDENCE, WHILE SHORING UP FUNDAMENTALS

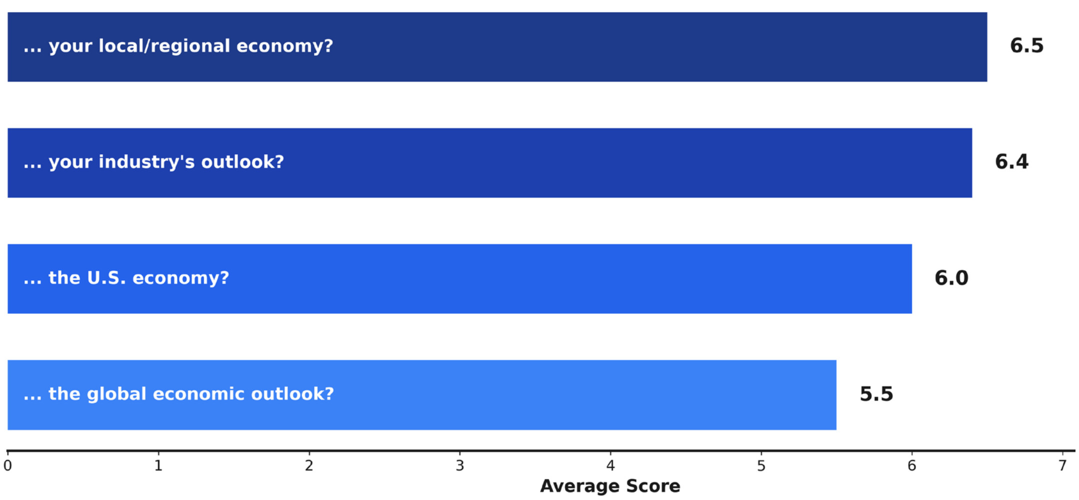
ECONOMIC OUTLOOK

The 2026 survey found that financial leaders remain optimistic, with U.S. real GDP growth forecasted at 1.7%[1] across industries and Global GDP growth projected at 3.2%[2] FEI Members and other financial executives have relatively high confidence in the national and local / regional economies compared to global economies under the current administration (Figure 2*****).

While top priorities remain consistent with those of last year, one notable shift stands out: finance leaders are accelerating the adoption of new financial technologies, signaling a stronger commitment to digital transformation and a pivot of investment to regulatory compliance.

FIGURE 2: WHAT IS YOUR CONFIDENCE IN ...

Scale Rating Responses: 0 to 10 (0 = Not Confident / 10 = Very Confident)



* An important note - This survey overlapped with the U.S. government shutdown, which began on October 1, 2025, and lasted 43 days, ending on November 12, 2025 (our survey ran from September 16 to October 24, 2025).

forvis mazars **INSIGHTS**

Why Regional Confidence Outpaces National Outlook

Business leaders often express stronger confidence in local or regional economies than in the broader U.S. economy due to:

Proximity & Control: Greater influence over local conditions and faster response to market shifts.

Visibility & Familiarity: Direct insight into local demand, workforce, and customer behavior.

Regional Strength: Certain regions outperform nationally thanks to demographic trends and industry clusters.

Resilience Through Localization: Supply chain and operational strategies increasingly favor near-market execution.

Community Ties: Strong local relationships foster stability and adaptability.

Diverging Indicators: National uncertainty (tariffs, interest rates, political gridlock) contrasts with regional growth stories.

FINANCE IMPLICATION: Regional optimism can drive investment and hiring even amid national caution, reinforcing the need for localized strategies in 2026 planning.

1 - Federal Open Market Committee | December 10, 2025: FOMC Projections materials, accessible version
https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20251210.htm
2 - Economic Insights, December 9, 2025 | Global economy projected to see 'continued expansion' in 2026
https://www.mastercard.com/global/en/news-and-trends/stories/2025/economic-outlook-2026.html

FIGURE 3: WHAT IS YOUR CONFIDENCE IN YOUR LOCAL/REGIONAL ECONOMY?

Scale Rating Responses: 0 to 10 (0 = Not Confident /10 = Very Confident)

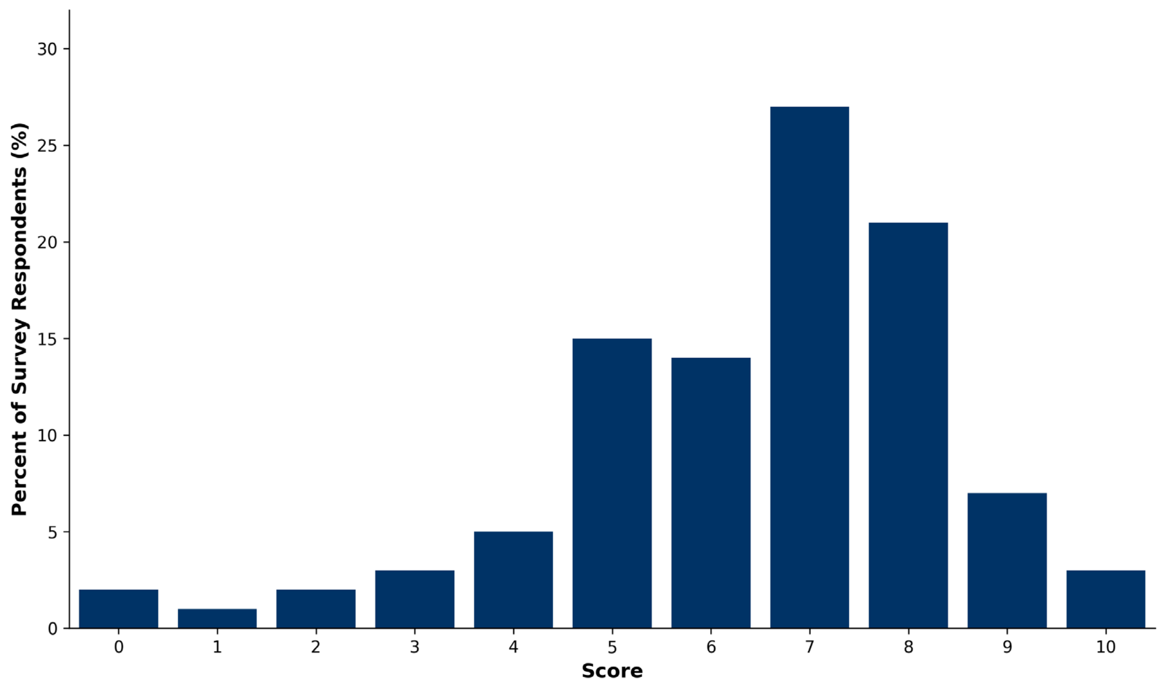


FIGURE 4: WHAT IS YOUR CONFIDENCE IN THE U.S. ECONOMY?

Scale Rating Responses: 0 to 10 (0 = Not Confident /10 = Very Confident)

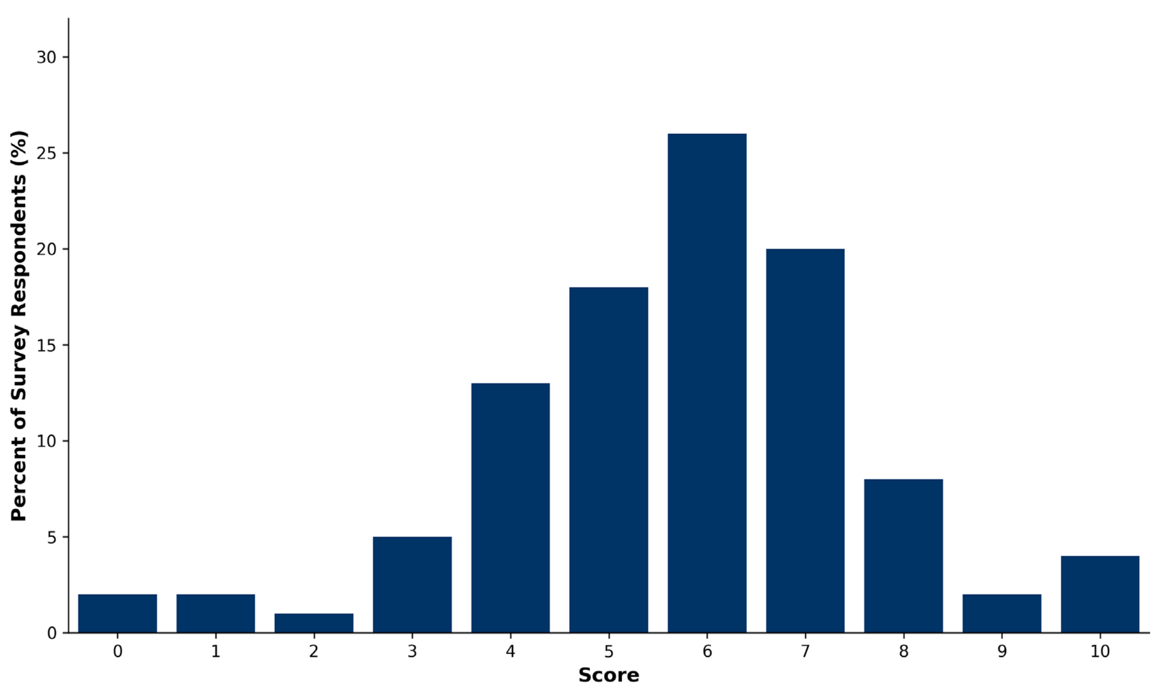
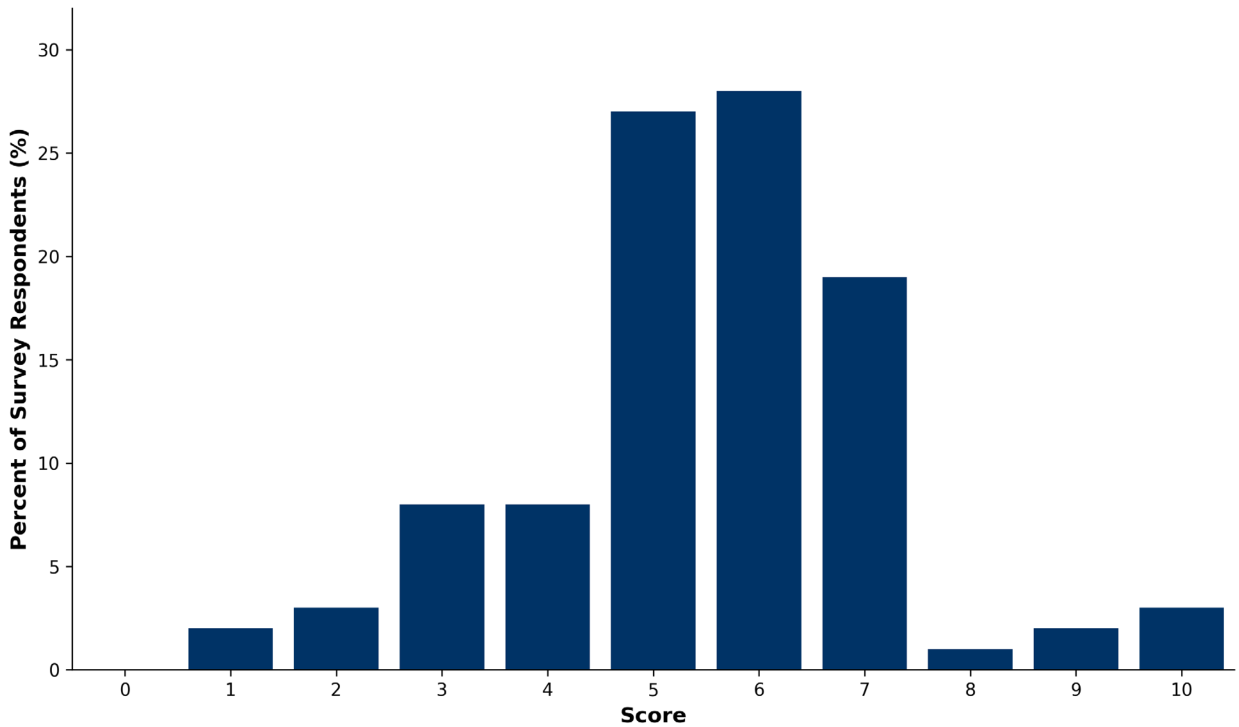


FIGURE 5: WHAT IS YOUR CONFIDENCE IN THE GLOBAL ECONOMY?

Scale Rating Responses: 0 to 10 (0 = Not Confident /10 = Very Confident)



MACROECONOMIC AND GEOPOLITICAL IMPACTS

Finance leaders are adapting to two major external factors:

U.S. tariff policies: Under the current administration, tariff rates have risen to historic highs, introducing economic uncertainty.

Inflation: With average inflation currently at 3% in November 2025[3], organizations face rising input costs and pressure on margins.

3 - U.S. Inflation Calculator | Current US Inflation Rates: 2000-2025
https://www.usinflationcalculator.com/inflation/current-inflation-rates

SECTION ONE

ECONOMIC & INDUSTRY CONFIDENCE

TARIFFS

The U.S. tariff environment in 2025 has been shaped by sweeping policy changes under the current administration, which leveraged tariffs as both an economic and geopolitical tool. The administration imposed broad duties on imports from major trading partners, raising the average effective tariff rate to its highest level since the 1930s, averaging at 18.3%[4]. While these measures were intended to bolster domestic manufacturing and generate revenue, their legality is now under review by the Supreme Court, adding further uncertainty.

IMPACTED INDUSTRIES

Despite this aggressive tariff posture, over half of the businesses surveyed reported no significant short-term impact (Figure 6). Upon closer examination, dividing this data by industry reveals that the top industries most affected are (Figure 7):

MANUFACTURING **RETAIL/CONSUMER** **TECHNOLOGY**

This outcome is expected, as these sectors are particularly vulnerable to tariffs due to their significant dependence on international supply chains and cross-border commerce. For services organizations with limited direct trade exposure, the effects were largely indirect, often experienced through broader economic or vendor impacts.

The primary strategies adopted by these impacted organizations to address the effects of tariffs include:

1. **ADJUSTED PRICING / PRODUCT OFFERINGS**
2. **CHANGED SOURCING / SUPPLY**
3. **DELAYED INVESTMENTS / EXPANSION PLANS**

4 - FMF&E Blog | February 6, 2025: Working Capital Strategies for Manufacturers: Best Practices and Projections for 2025
https://fmfecpa.com/working-capital-strategies-for-manufacturers-best-practices-and-projections-for-2025

Section One
ECONOMIC & INDUSTRY CONFIDENCE

The most significant strategic response to recent tariffs has been workforce-related, with 52% of companies reporting significant workforce impacts. This suggests that labor adjustments – whether through hiring freezes, restructuring, or strategic redeployment – have become the primary mechanism for absorbing tariff-related pressures. Beyond workforce adjustments, companies have pivoted to revised pricing or revenue models (32%) and changed sourcing or supply relationships (22%), indicating that businesses prioritize global customer retention and supply chain flexibility over immediate cost-cutting.

The workforce impact points to a critical reality: tariffs are forcing companies to rethink not just supply chains, but the fundamental structure of their operations and talent strategies. For affected businesses, actions such as delaying investments and expansion (17%) suggest that tariffs may not be merely a short-term cost issue (Figure 6). They could reshape growth trajectories, capital allocation, and even global footprint decisions. While short-term impacts may be buffered by strategic planning and supply chain flexibility, the nature of responses—particularly the prevalence of workforce adjustments alongside sourcing changes—points to long-term structural shifts in both supply chains and organizational design, which could redefine competitive advantages and business models.

As companies worked to understand the ripple effects of new trade policies, some discovered that the competitive landscape was shifting in ways policymakers hadn't anticipated..

> **“The two largest manufacturers are in Mexico, and they source all their parts from China with no tariff, then ship into the US with no tariff because of USMCA. Some of these tariffs have actually hurt U.S. manufacturers instead of helping them. If your competition’s in Canada or Mexico, it’s a problem.”**
>
> - CFO, Global Manufacturing

FIGURE 6: HOW HAVE RECENT TARIFFS INFLUENCED YOUR COMPANY'S BUSINESS STRATEGIES?

Select All That Apply - Responses

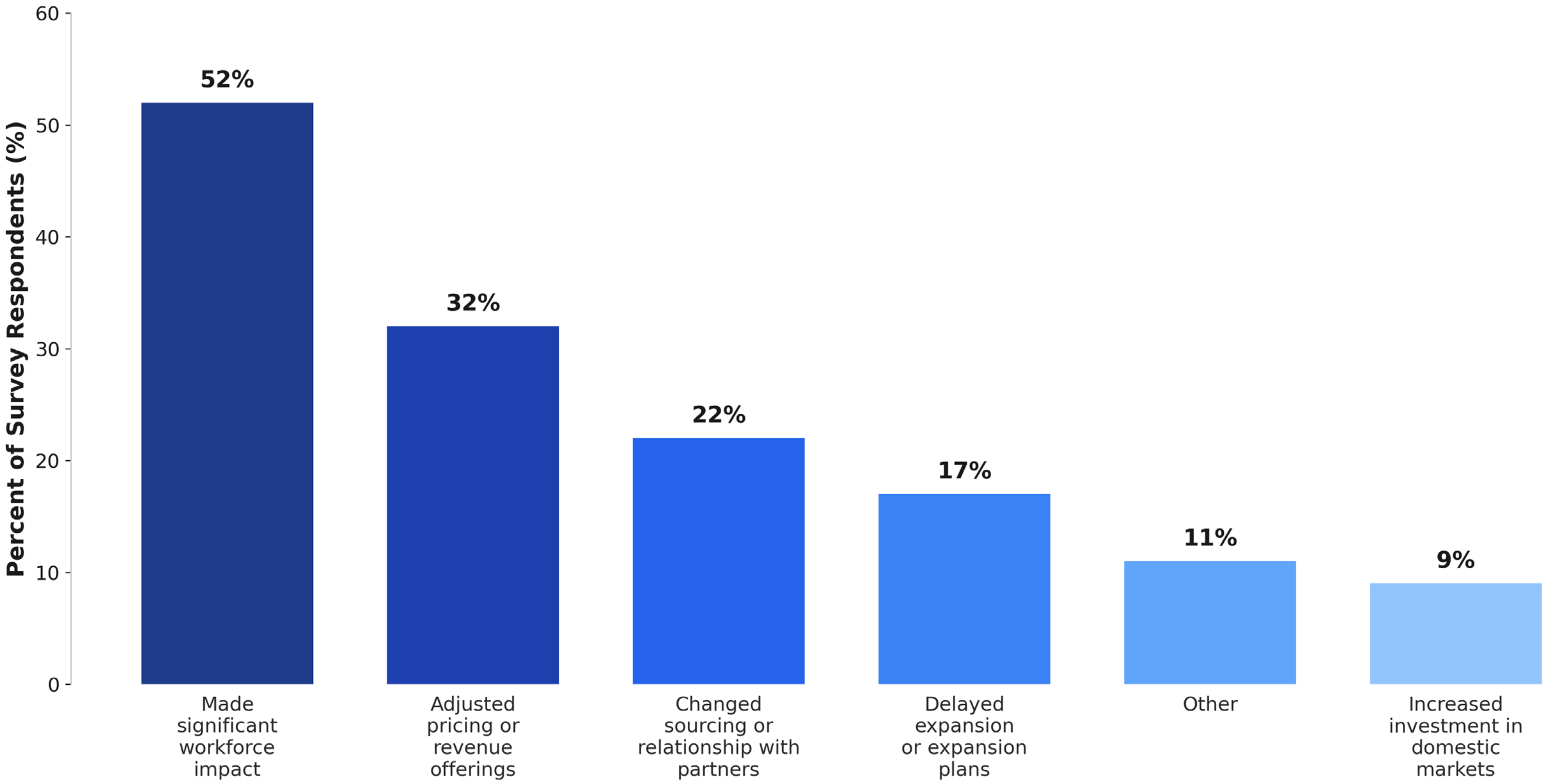
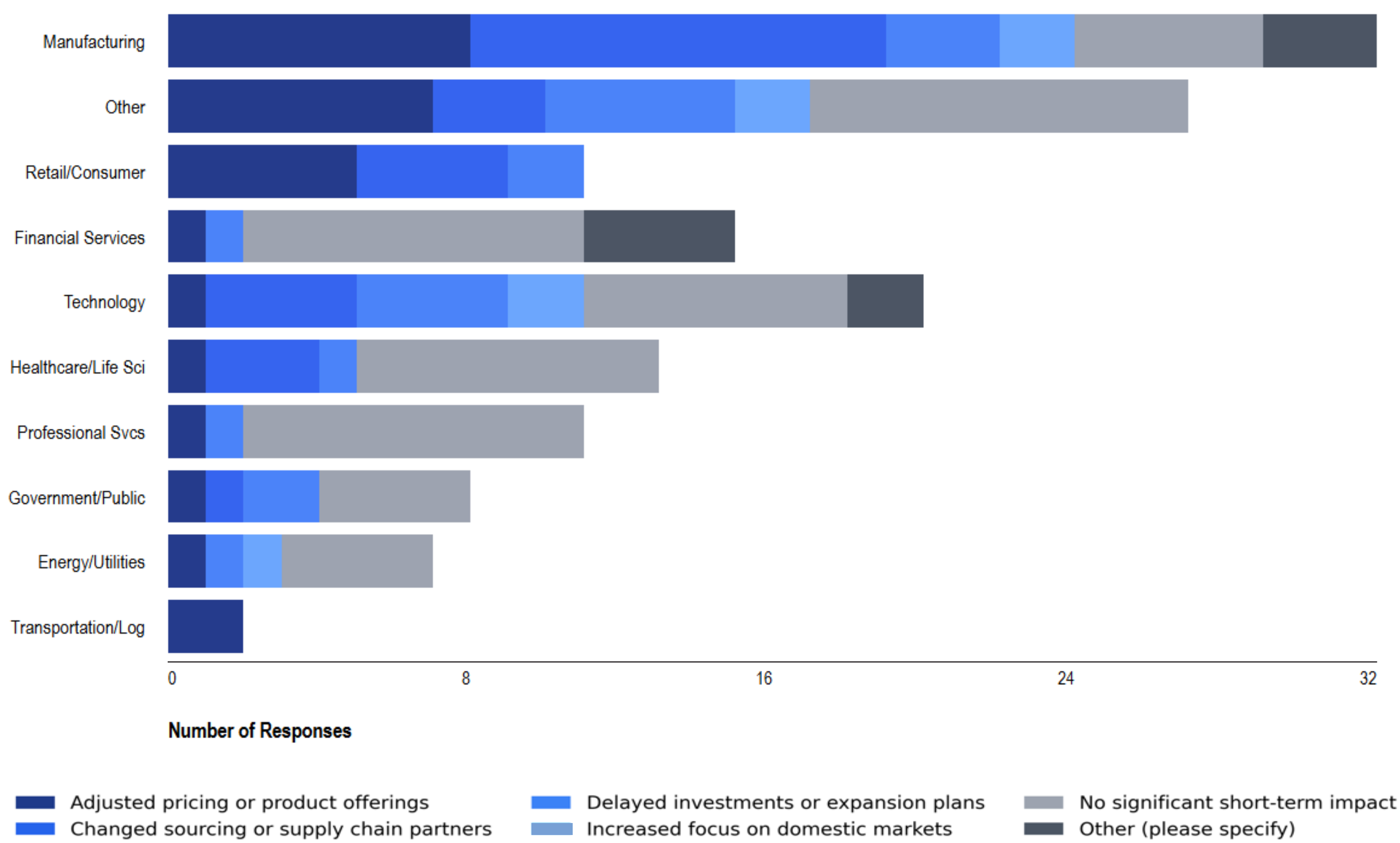


FIGURE 7: HOW HAVE RECENT TARIFFS INFLUENCED YOUR COMPANY'S BUSINESS STRATEGIES (BY INDUSTRY)?

Select All That Apply - Responses



SECTION ONE

ECONOMIC & INDUSTRY CONFIDENCE

INFLATION

In 2025, U.S. inflation has moderated from the historic highs of 2021–2022, stabilizing around 3% annually. While fragile labor markets have historically been a key indicator driving Federal Reserve rate decisions, political pressure has added an element of complexity to rate cut forecasting. The Federal Reserve recently cut interest rates amid these competing dynamics, signaling a cautious approach to balancing growth and price stability. Labor markets influence the Fed by signaling underlying economic strength and potential wage-driven inflation, which guide rate decisions. Political pressure doesn't determine policy but can shape the urgency or caution with which the Fed acts.

Against this backdrop, survey participants ranked the top response strategies to inflation as:

55%

INCREASED FOCUS ON OPERATIONAL EFFICIENCY AND AUTOMATION
Companies are accelerating investment in AI-enabled tools, workflow automation, analytics, and self-service models.

35%

REEVALUATE WORKFORCE STRATEGY AND COMPENSATION MODELS
Companies are managing wage pressure, skills shortages, and retention by rethinking role mix, skill pathways, comp structures, and flex talent models.

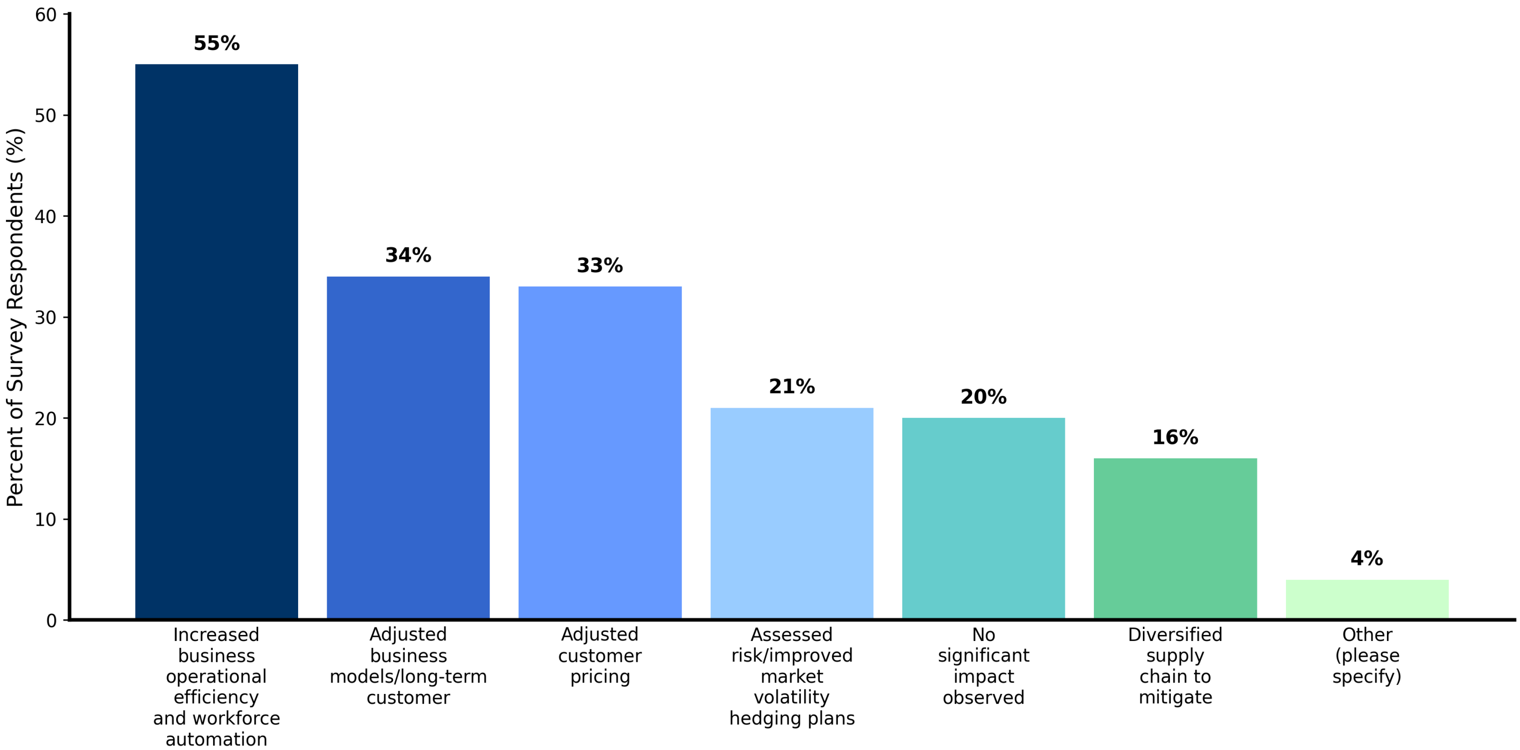
33%

ADJUSTED LONG-TERM CUSTOMER PRICING MODELS OR MARGIN TARGETS
Companies are cautiously tuning pricing architecture. With inflation cooler and political scrutiny high, blanket price hikes risk demand loss and reputational damage.

5 - U.S. Inflation Calculator | Current US Inflation Rates: 2000-2025
https://www.usinflationcalculator.com/inflation/current-inflation-rates

FIGURE 8: IN WHAT WAYS HAS INFLATION INFLUENCED YOUR ORGANIZATION'S BROADER BUSINESS STRATEGY?

Select All That Apply - Responses



INDUSTRY TRENDS

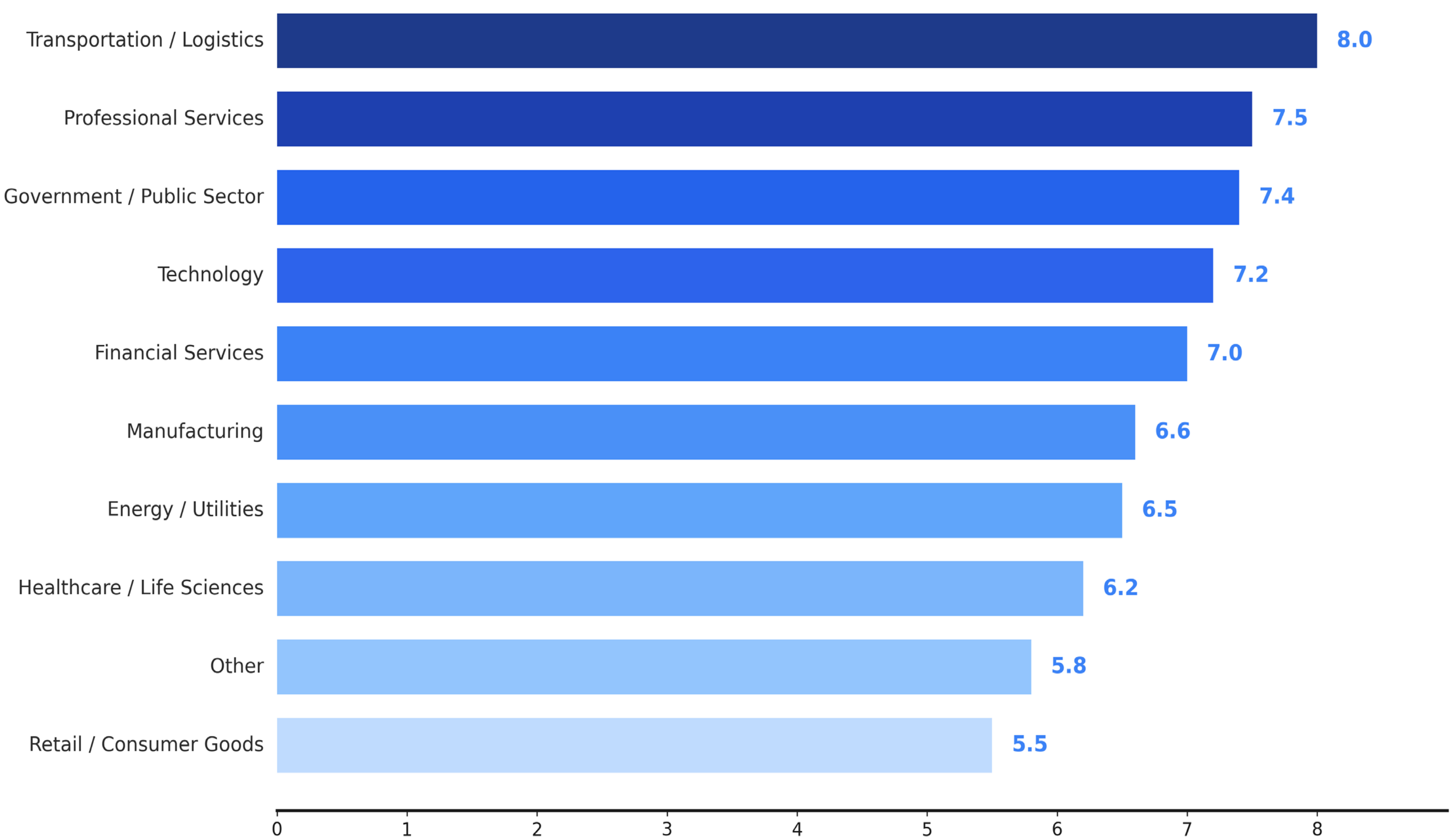
Our analysis shows that confidence in industry outlook skews positively and varies by industry (Figure 9) with several clear trends emerging.

- **Transportation / Logistics** companies are the most optimistic, reporting the highest average confidence scores among all industries, suggesting strong demand stability and resilience going into 2026.
- **Government / Public Sector and Professional Services** organizations also show above-average confidence, reflecting predictable revenue streams and steady operating environments.
- By contrast, **Retail and Consumer Goods** companies express the lowest confidence, likely due to ongoing margin pressures, tariff and inflation sensitivity, and shifting consumer behavior.

These differences highlight how industry dynamics shape expectations for 2026 and suggest that sector-specific factors continue to heavily influence executive sentiment.

FIGURE 9: WHAT IS YOUR CONFIDENCE IN YOUR INDUSTRY'S OUTLOOK?

Scale Rating Responses: 0 to 10 (0 = Not Confident /10 = Very Confident)



SECTION TWO

STRATEGIC & FINANCIAL PRIORITIES

CURRENT STRATEGIES FOR RAISING THE BOTTOM LINE

Finance leaders are translating strategic priorities into action through a range of targeted operational improvements and transformation initiatives. Survey responses highlight how organizations are leveraging technology, process redesign, and talent strategies to drive efficiency, support growth, and strengthen the finance function's impact across the enterprise (Figure 10). Areas of focus include:

CLOSING

Streamlined financial closing and reconciliation processes to improve efficiency, and accuracy.

AUTOMATION

Automated AR / AP data collection and transformation, reducing manual workload, and accelerating transaction cycles.

ORDER-TO-CASH

Focused on order entry, AR automation, and streamlining sales cycles to improve process efficiency.

CUSTOMER ENGAGEMENT AND RETENTION

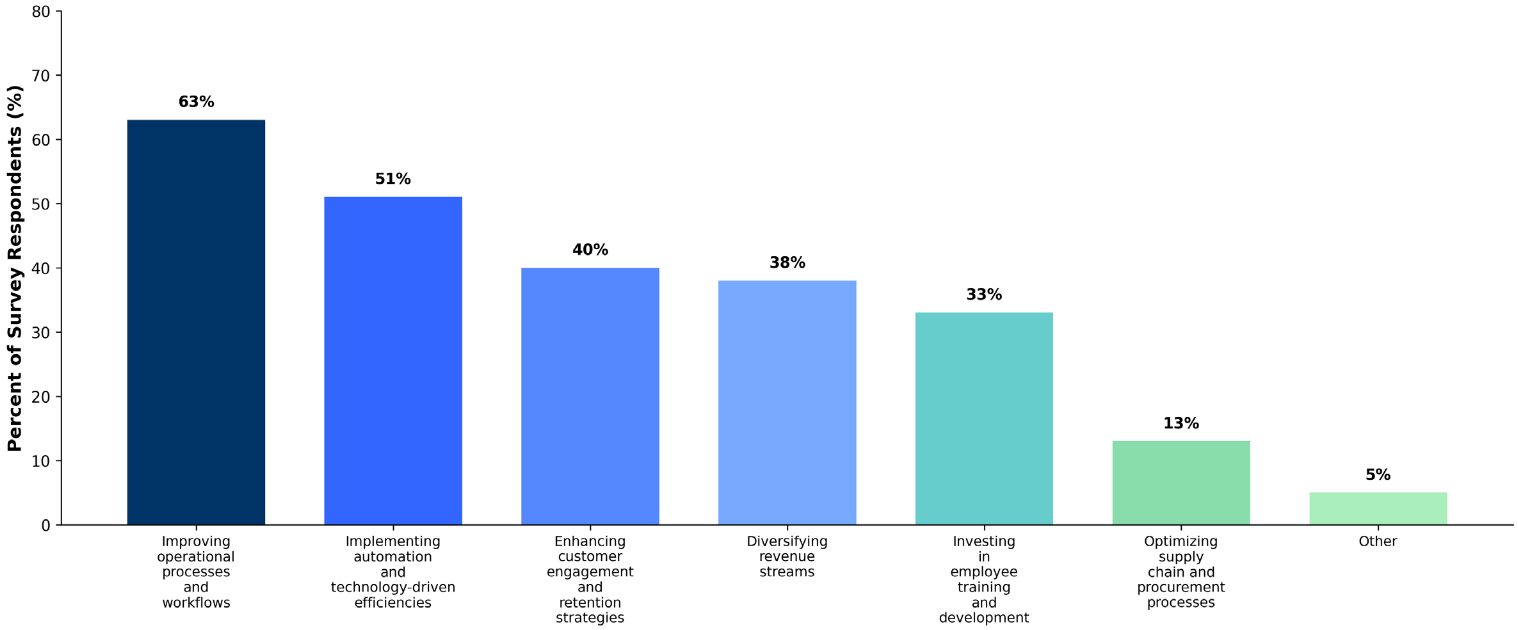
Enhanced customer engagement, and pursued global expansion in select markets as sales-adjacent priorities.

OPERATING MODEL

Advanced operating model initiatives, including new ERP implementations, M&A integration / separation, and succession planning – each influencing finance team workload and prioritization.

FIGURE 10: CONSIDERING YOUR TOP FINANCIAL PRIORITY FOR 2026, WHAT OPPORTUNITIES IS YOUR COMPANY CURRENTLY PRIORITIZING TO DRIVE EFFICIENCIES OR IMPROVE THE BOTTOM LINE?

Select All That Apply - Responses



TOP CHALLENGES FOR 2026

For 2026, financial leaders are entering a decisive growth-oriented cycle, setting their sights on three strategic imperatives (Figure 11):

1. **Accelerating revenue growth and market expansion**
2. **Driving cost efficiency through rigorous optimization**
3. **Unlocking value through technology enablement**

However, these objectives come with challenges. Leaders identify the most pressing hurdles for 2026 as (Figure 12):

- Mitigating economic uncertainty and global market volatility
- Adapting to and integrating advanced technologies such as AI and blockchain
- Overcoming operational inefficiencies caused by fragmented data and manual processes
- Succession planning, staffing, finance, and accounting

On the lower end of the scale, navigating regulatory changes and political and geopolitical risk were ranked lower in concern. However, their influence plays a major role as these factors often act as catalysts, triggering shifts in trade policies, compliance requirements, and global supply chains that ultimately manifest economic uncertainty and market volatility, the top-ranked concern.

In other words, leaders may score these risks lower because their impact is indirect, but the ripple effect they create is felt most acutely through the economic and market conditions that shape growth strategies.

forv/s mazars INSIGHTS

Economic Paradox – Why Optimism Doesn't Eliminate Risk

While financial leaders report higher-than-average confidence in the economy heading into 2026 (Figure 2), survey responses reveal that mitigating economic uncertainty and global market volatility remains a top challenge. This duality reflects a nuanced reality. Confidence signals optimism based on current economic strength, yet leaders recognize that unpredictable factors can disrupt even the most robust growth strategies.

Confidence ≠ Certainty: Macroeconomic conditions can shift quickly due to global factors.

Global shocks felt locally: In a globalized environment, volatility can ripple through markets.

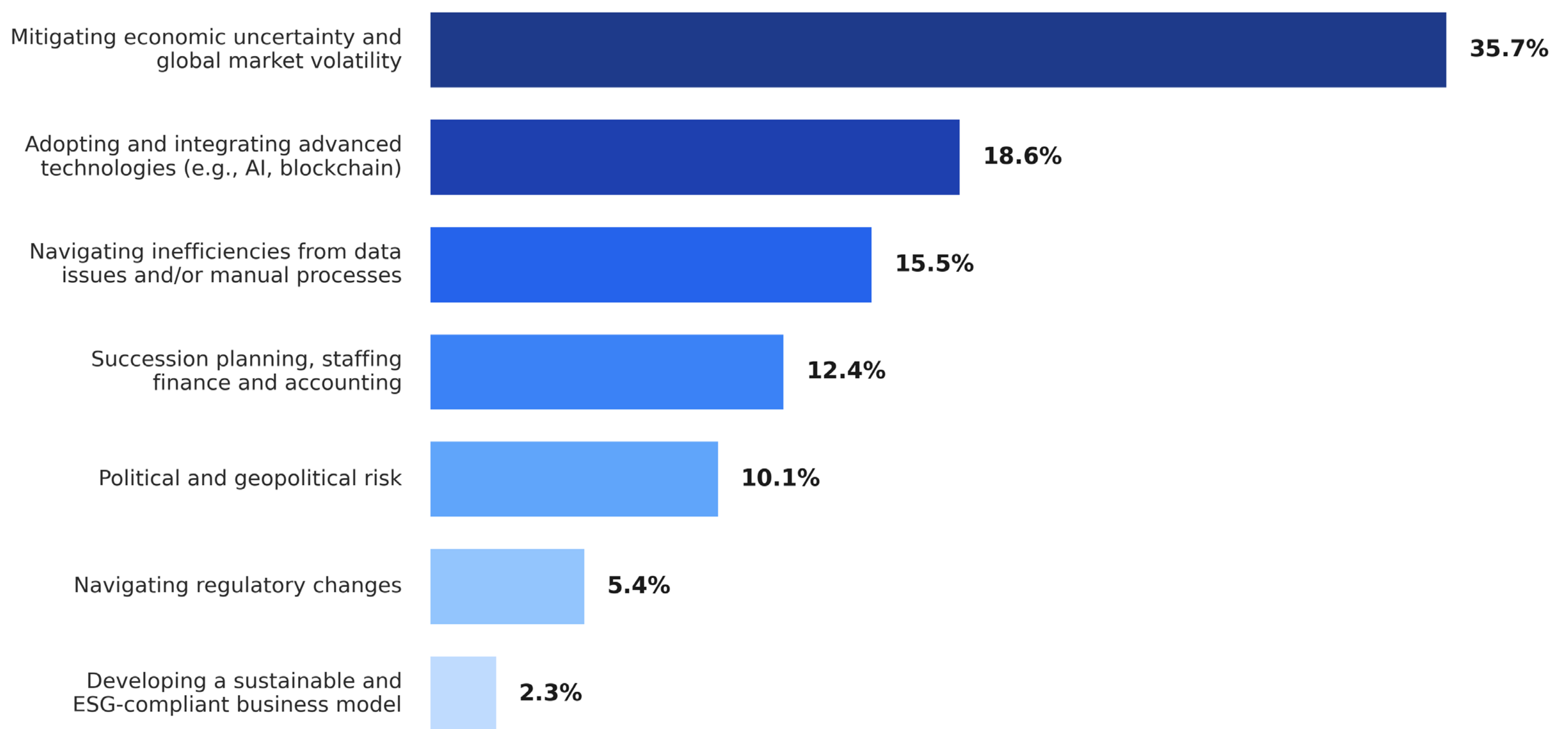
Technology adoption and regulatory evolution: Transitions create uncertainty in forecasting costs, compliance, and competitive dynamics.

Unexpected events: Pandemics, wars, and inflation spikes can derail growth plans overnight, as seen in recent history.

FINANCE IMPLICATION: Confidence shapes growth ambitions, but persistent uncertainty compels finance leaders to pair strategic decision-making with rigorous risk management, striking a balance between optimism and resilience to safeguard against global shocks.

FIGURE 11: WHAT IS YOUR BIGGEST CHALLENGE WHEN PLANNING FOR 2026?

Multiple Choice, Select One - Responses



SECTION TWO

STRATEGIC & FINANCIAL PRIORITIES

TOP CHALLENGES FOR 2025

In 2025, finance functions face mounting pressure to modernize while maintaining resilience.
The top functional challenges are (Figure 12):

1 - Enhancing efficiency and process automation
2 - Driving strategic decision making and forward-looking analysis
3 - Optimizing resource allocation and cost management
4 - Improving forecast accuracy and scenario planning
5 - Managing cross-functional business collaboration and business partnering

These challenges align with the top priorities in several ways:

EFFICIENCY AND COST MANAGEMENT GO HAND-IN-HAND

The challenge of enhancing efficiency and process automation directly supports the priority of cost management and optimization. Streamlined operations reduce overhead and improve profitability.

STRATEGIC DECISION-MAKING FUELS GROWTH

Driving forward-looking analysis and scenario planning aligns with the priority of revenue growth and market expansion. Better insights enable informed decisions for entering new markets and capturing opportunities.

RESOURCE ALLOCATION UNDERPINS EXPANSION AND STABILITY

Optimizing resource allocation ensures that growth initiatives are funded without compromising financial stability, supporting both cost control and market expansion priorities.

FORECAST ACCURACY IS FOUNDATIONAL

Improving forecast accuracy and scenario planning is critical for achieving all priorities, such as growth, cost optimization, and investment decisions, by reducing uncertainty and enabling proactive action.

COLLABORATION ENABLES EXECUTION ACROSS PRIORITIES

Managing cross-functional collaboration and business partnering is essential for implementing strategies that drive growth, optimize costs, and support technology adoption.

Section Two

STRATEGIC & FINANCIAL PRIORITIES

TECHNOLOGY AS A TOOL TO ADDRESS CHALLENGES

Finance leaders are turning strategic goals into practical actions by improving operations and driving transformation. A major theme seen throughout this report is technology as top of mind as new financial technology emerged as a top 3 priority for leaders in 2026 (Figure 1), we are seeing this theme continue as the 2nd largest challenge of 2026 is adopting and integrating technologies.

One significant obstacle to overcoming these primary challenges while enhancing profitability is the integration of advanced technologies such as AI and analytics into fragmented legacy systems, which often lack the capability to deliver real-time insights.

Data quality issues and persistent silos hinder accurate forecasting and scenario planning, while traditional processes for closing, consolidation, and reporting remain resource-heavy and inefficient.

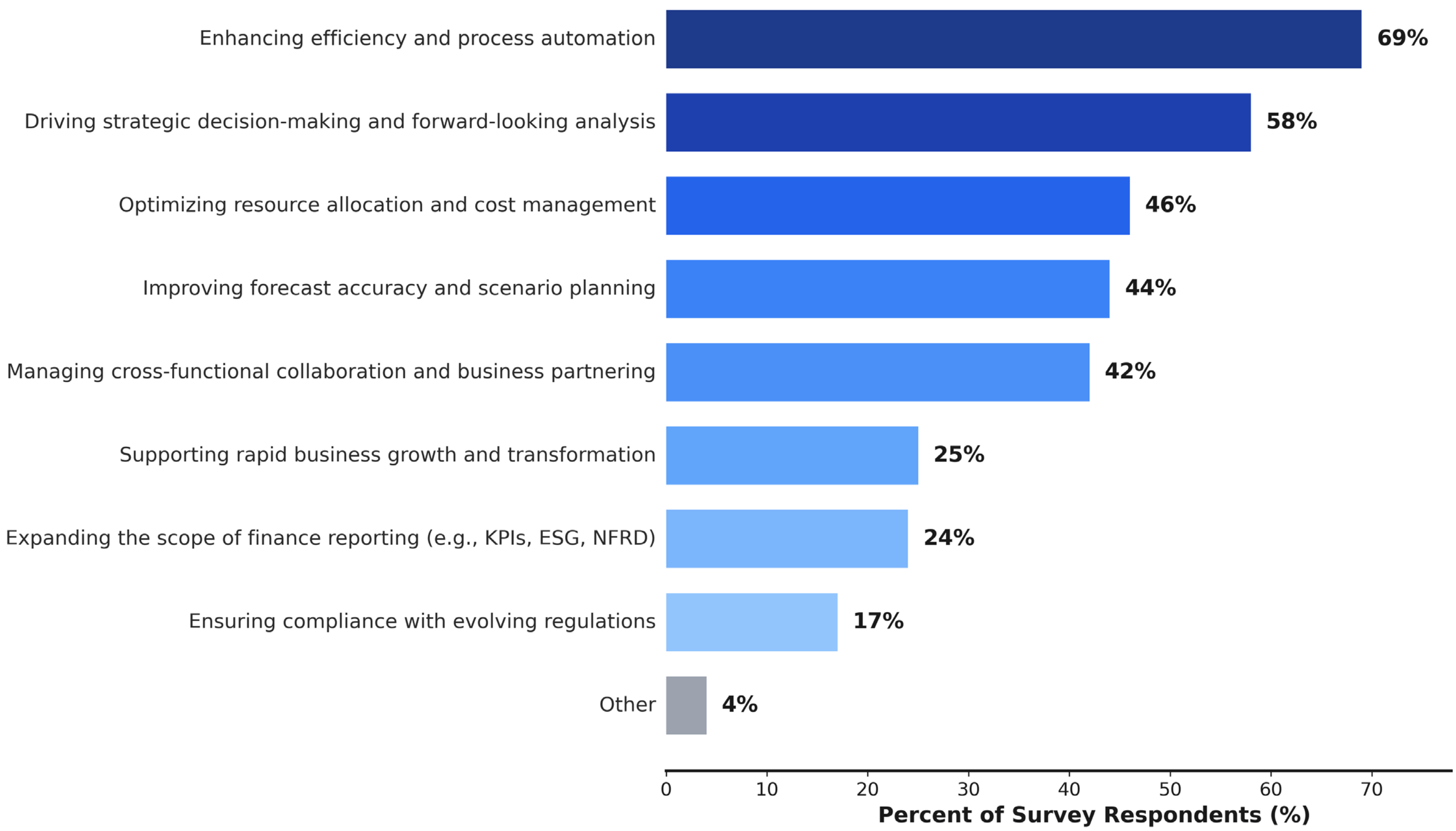
As companies worked to understand the ripple effects of new trade policies, some discovered that the competitive landscape was shifting in ways policymakers hadn't anticipated.

> **"We're undergoing a major project to integrate our disparate data sources with Tableau and spin up new dashboards and data visualizations that help us frame what we're doing."**
>
> - VP of Finance and Accounting, Technology

> **"We're switching to [new ERP system], and it looks like it's going to do a lot for us. It has AP automation built in and other features that will bring real efficiencies and eliminate all the workarounds we had built around [current ERP system]."**
>
> - CFO, Global Manufacturing

FIGURE 12: WHAT ARE THE BIGGEST FUNCTIONAL CHALLENGES YOUR FINANCE ORGANIZATION IS EXPECTED TO ADDRESS IN 2026?

Select All That Apply - Responses



STRATEGIC RISK MANAGEMENT

To strengthen risk management and safeguard operations, finance leaders are advancing a range of cybersecurity strategies and tools. Survey responses highlight several practical actions and emerging areas of focus:

AUTOMATION -> Deploying AI-powered automation in security operations.

ZERO-TRUST -> Implementing zero-trust architectures.

STANDARDIZATION -> Adopting unified data management and orchestration platforms.

REVIEW -> Leveraging AI tools to review large policy and compliance documents.

MONITORING -> Tracking bespoke risks such as liquidity management, political climate, and AI-driven industry disruption, in addition to traditional cyber threats.

FIGURE 13: WHAT ARE YOUR TOP RISK MANAGEMENT PRIORITIES FOR NEXT YEAR?

Scale Rating Responses: Top 3 Priorities

OVERALL RANKING

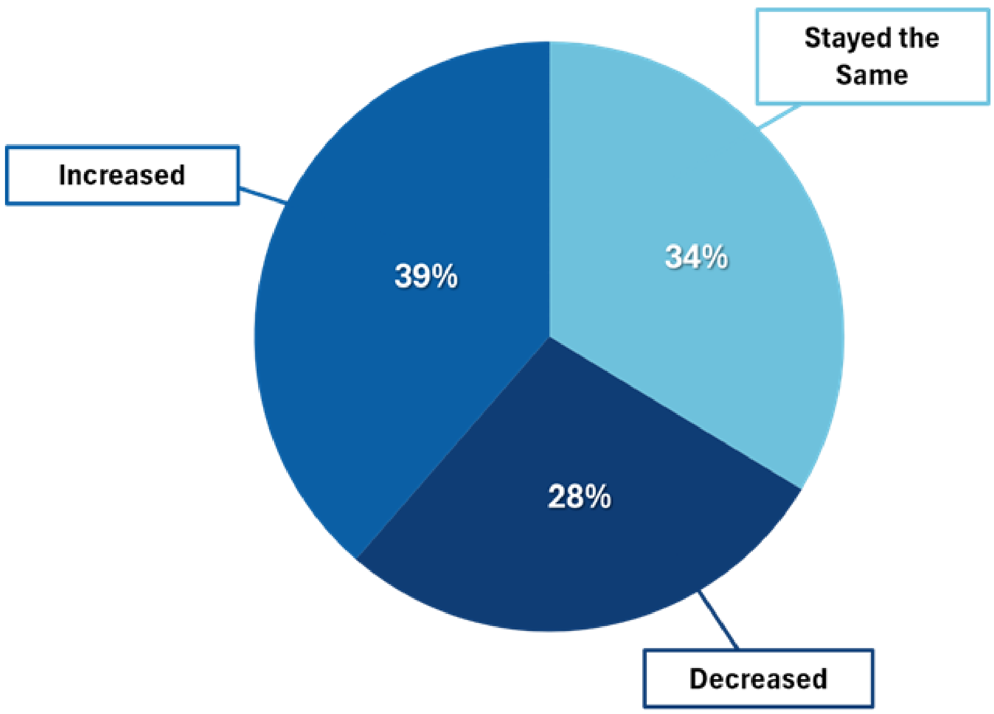
1. Strategic risk (e.g., market shifts, competitive threats)
2. Cybersecurity
3. Financial reporting accuracy
4. Regulatory compliance
5. Fraud prevention
6. Data privacy and governance
7. Supply chain resilience
8. Geopolitical risk
9. Business continuity and disaster recovery
10. Third-party/vendor risk management
11. Other
12. ESG and reputational risk

WORKING CAPITAL

Working capital is more than a metric; it indicates short-term liquidity and operational agility, guiding financial decisions. In today's uncertain economy, mastering working capital can mean the difference between thriving and surviving. While balance-sheet signals remain mixed, they're largely manageable. Survey data shows an almost even split among organizations that increased, decreased, or maintained working capital in 2025 (Figure 14).

FIGURE 14: PLEASE SELECT THE OPTION THAT BEST REFLECTS THE GENERAL DIRECTION CHANGE IN YOUR COMPANY'S WORKING CAPITAL SO FAR IN 2025 (I.E., SINCE YOUR LAST ANNUAL REPORT).

Multiple Choice, Select One - Responses



ECONOMIC AND DIGITAL FORCES RESHAPING WORKING CAPITAL

Working capital requirements in 2025 were influenced not only by market volatility but also by structural shifts in technology. Economic factors such as rising interest rates, inflationary pressures, and supply chain disruptions drove companies to hold more liquidity and buffer inventory, increasing short-term capital needs.

At the same time, digital transformation initiatives, such as ERP upgrades, automation, AI integration, and cybersecurity investments, required upfront funding, temporarily inflating working capital before delivering long-term efficiency gains. Together, these forces underscore how both macroeconomic conditions and modernization strategies shape liquidity planning and operational resilience.

SECTION TWO

STRATEGIC & FINANCIAL PRIORITIES

Working capital is highly sensitive to external forces beyond a company's immediate control. Key drivers include:

MACROECONOMIC CONDITIONS

Interest rate fluctuations, inflation, and currency volatility directly affect borrowing costs, inventory values, and payment cycles.

SUPPLY CHAIN DISRUPTIONS

Global trade instability and transportation bottlenecks often lead to inventory buffering and longer lead times, tying up cash.

REGULATORY AND POLICY CHANGES

New compliance requirements or tax reforms can alter liquidity needs and payment structures.

GEOPOLITICAL EVENTS

Conflicts, sanctions, and trade restrictions can disrupt sourcing and increase costs, impacting working capital.

MARKET DEMAND SHIFTS

Sudden changes in consumer behavior or sector-specific demand can create mismatches in receivables and payables.

DIGITAL TRANSFORMATION

Technology investments such as ERP upgrades, automation, AI integration, and cybersecurity, require upfront capital, temporarily decreasing working capital before delivering efficiency gains.

forv/s mazars INSIGHTS

Confidence vs. Liquidity in Government / Public Sector Observation

Government / Public Sector ranks among the top three industries for confidence in 2025 (Figure 15), yet shows the steepest decline in working capital.

Why this paradox exists:

Strategic Investments: Large-scale modernization (cloud, automation, infrastructure) requires significant upfront spending, reducing short-term liquidity.

Extended Payment Cycles: Procurement and reimbursement delays strain cash flow despite strong budget allocations.

Confidence Anchored in Stability: Optimism stems from policy certainty and mission-critical roles, not immediate cash metrics

Debt & Grants as Leverage: Reliance on external funding preserves strategic momentum but depresses working capital temporarily.

CONCLUSION: Confidence reflects long-term capability and guaranteed funding, while decreased working capital signals short-term strain from transformation costs and structural payment delays.

SECTION TWO
STRATEGIC & FINANCIAL PRIORITIES

INDUSTRY TRENDS
Upon closer examination of this data, we observe that industries exhibit drastically varying changes in their working capital. At the top with the strongest growth.

FINANCIAL SERVICES WITH 67% INCREASE
- **Higher Interest Rate Environment:** Rising rates increase the cost of borrowing and extend settlement cycles, requiring firms to hold more liquidity to manage obligations and client transactions.

- **Regulatory Compliance & Capital Requirements:** Stricter regulations for financial institutions (e.g., Basel III/IV, liquidity coverage ratios) often force firms to maintain larger reserves, inflating working capital needs.

- **Market Volatility & Risk Hedging:** Economic uncertainty and global volatility lead to greater collateral requirements for derivatives and hedging activities, tying up more cash.

- **Client Behavior Shifts:** Slower payment cycles or increased demand for credit facilities can strain liquidity, prompting firms to hold additional working capital buffers.

MANUFACTURING WITH 48% INCREASE
- **Tariff-driven cost pressures:** Higher tariffs on steel, aluminum, and other inputs force manufacturers to carry more inventory and absorb higher costs.

- **Reshoring increases capital needs:** Moving production back to the U.S. boosts inventory, labor, and facility investment requirements.

- **Labor shortages push wages up:** Rising compensation and labor constraints slow operations and elevate working-capital cycles.

- **Supply-chain volatility persists:** Companies maintain higher safety stocks to mitigate disruptions, raising inventory levels strain liquidity, prompting firms to hold additional working capital buffers.

- **Heavy investment in automation & facility expansion:** Record manufacturing construction spending increases short-term cash demands.

At the bottom with the strongest decline are Government / Public and Healthcare.

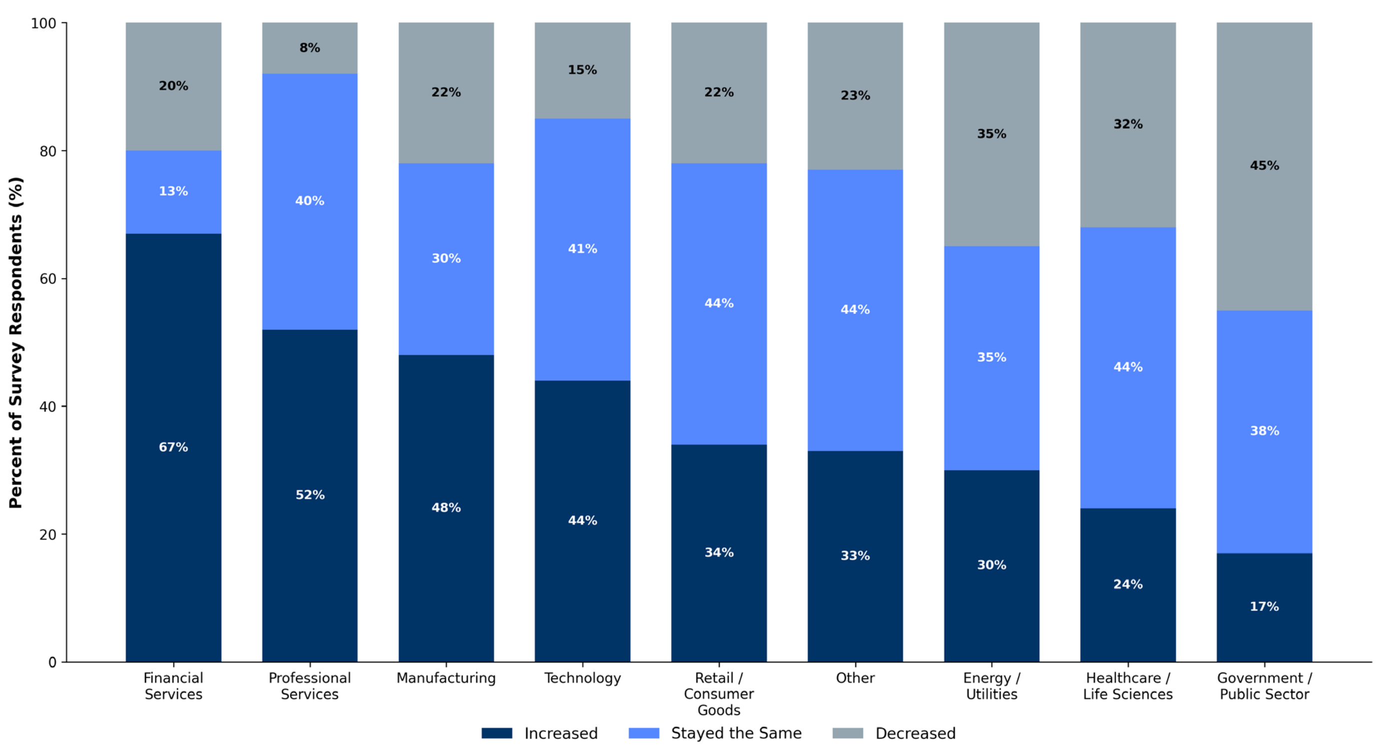
HEALTHCARE WITH 32% DECREASE

- Steady demand and predictable cash flows, reducing the need for major working capital adjustments.
- Essential services ensure stable revenue streams, while just-in-time inventory practices minimize excess stock.
- Inconsistent reimbursement/financial health creates challenges and variability causing a constant need for agility.
- Faces less exposure to global supply chain volatility compared to sectors like logistics, and most capital investments are funded through long-term budgets rather than working capital.

WORKING CAPITAL CHANGES BY INDUSTRY

FIGURE 15: THE ANALYSIS BELOW PRESENTS THE PERCENTAGE BREAKDOWN OF COMPANIES, BY INDUSTRY, THAT REPORTED CHANGES IN WORKING CAPITAL FOR 2025.

Multiple Choice, Select One - Responses



M&A

According to our survey, M&A appetite is stable with 70% indicating no change, 18% reporting increased interest, and 12% decreased interest (Figure 16), reflecting selectivity rather than a broad pause.

Revenue growth, market expansion, cost efficiency, and technology adoption remain top priorities; however, in 2026, leaders show a stronger inclination toward technology-driven growth. Companies are favoring organic strategies, such as product development and customer retention, and digital transformation over inorganic moves like M&A.

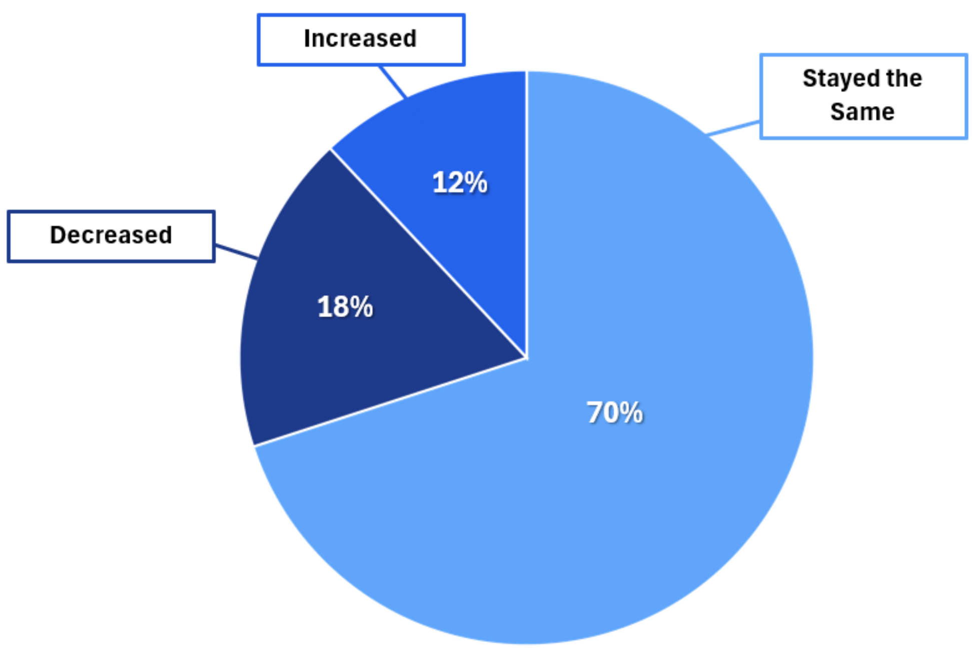
SPOTLIGHT ON TRENDS OVER TIME | M&A APPETITE

2025 "Stayed the same" at 64%, "increased" at 22%.

2026 "Stayed the same" rose to 70%, while "increased" dipped to 18%.

FIGURE 16: REGARDING M&A ACTIVITY RELATED TO 2025, WHAT IS YOUR COMPANY'S GENERAL INTEREST IN MAKING ACQUISITIONS IN 2026?

Multiple Choice, Select One - Resp



Section Two

STRATEGIC & FINANCIAL PRIORITIES

DEEPER INSIGHTS

Energy, financial services, and healthcare industries show the strongest increase in interest for M&A activity. In contrast, sectors such as Manufacturing and the Government / Public Sector report the most decreased interest in acquisitions (Figure 17).

The energy industry shows the largest appetite for M&A activity in 2026 with 75% of respondents showing interest. Given the energy sector's working capital is one of the most stable in 2025 (Figure 15), these companies likely have improved liquidity visibility, debt capacity, and covenant headroom, which make it easier to pursue and finance M&A activities.

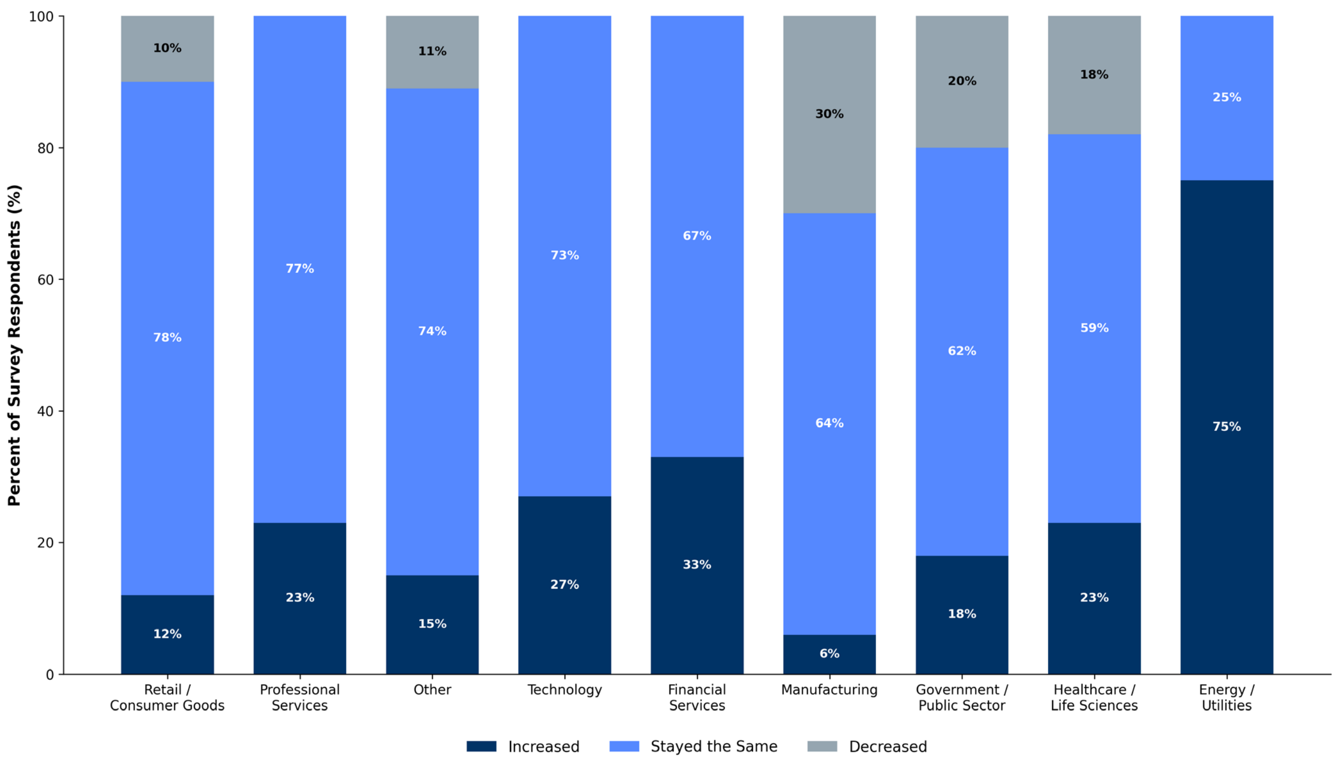
Larger companies are significantly more likely to report increased M&A appetite (Figure 17), suggesting that scale, capital availability, and strategic expansion capacity play meaningful roles in acquisition readiness. Smaller organizations overwhelmingly indicate no planned change in M&A activity, however may be turning to alternative growth vehicles.

A key finding from our survey reveals that companies with annual revenues exceeding $5 billion are demonstrating a heightened interest in M&A activity, illustrating a strategic focus on market expansion among larger organizations. Several factors may account for this trend, including:

- **Access to Capital:** At this size, firms typically have better credit ratings and financing options, making acquisitions more feasible without over-leveraging.
- **Need for Scale:** They're large enough to compete regionally but often need additional scale to enter new markets or defend against larger competitors.
- **Operational Maturity:** These companies usually have established processes and management depth, enabling smoother integration of acquired businesses.
- **Growth Pressure:** Organic growth alone may not deliver desired returns, so inorganic growth through M&A becomes a faster path to expansion.
- **Attractive Targets:** They're big enough to acquire smaller firms but still nimble compared to mega-corporations, making them ideal consolidators in fragmented industries.

FIGURE 17: Regarding M&A activity relative to 2025, what is your company's general interest in making acquisitions in 2026?

Multiple Choice, Select One - Responses



SECTION THREE
TALENT & WORKFORCE

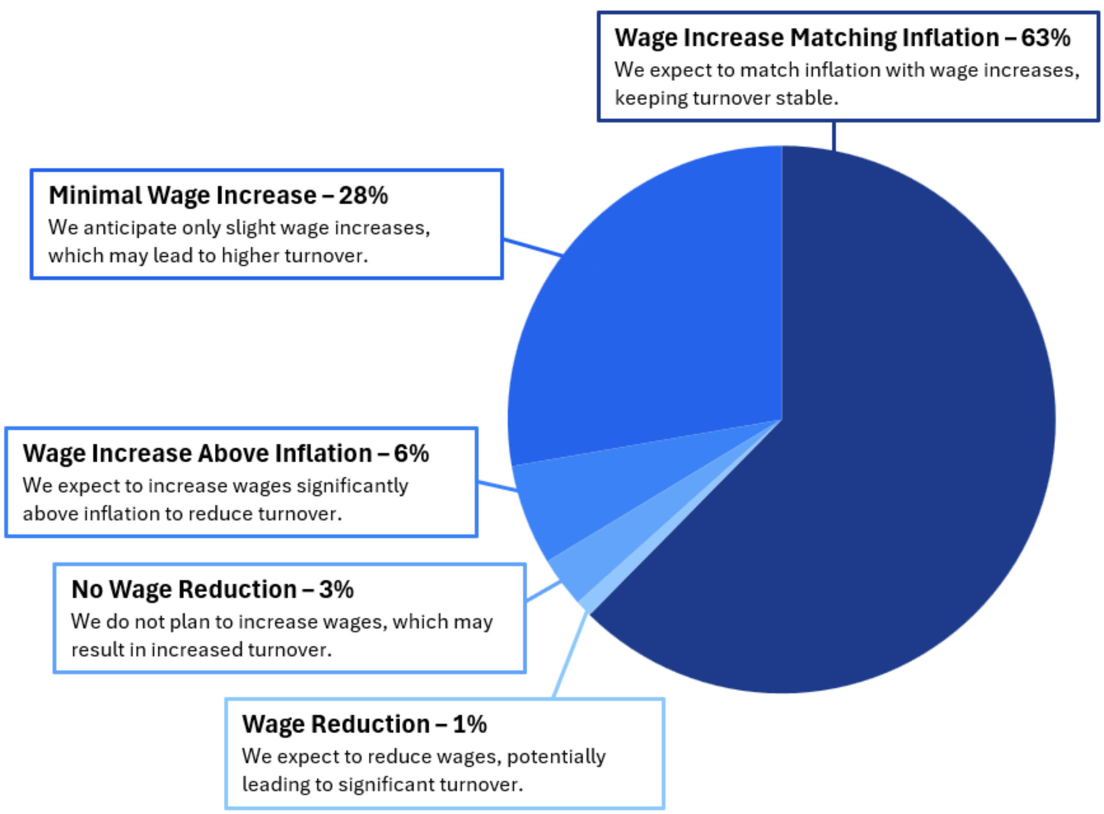
As the U.S. unemployment rate has gradually increased, the Federal Reserve predicts a 4.2% annual-average unemployment rate for 2025[6].

However, with a heavy middle-market lens, our survey responses show more organizations looking to increase headcount in 2026. Organizations are holding their talent stance steady while building new capabilities. Headcount plans skew toward stability-to-growth, and reductions rely primarily on natural attrition, followed by hiring freezes or slowdowns, layoffs or involuntary terminations, and automation or technology-driven efficiencies.

The majority of respondents will essentially match inflation, with a smaller share above it, and about a quarter signaling minimal increases. These patterns suggest limited reliance on pay adjustments as a retention lever (Figure 18).

FIGURE 18: WHAT ARE YOUR COMPANY'S EXPECTATIONS REGARDING WAGE ADJUSTMENTS AND THEIR IMPACT ON STAFF TURN OVER IN 2026?

Multiple Choice, Select One - Responses



6 - Summary of Economic Projections | December 10, 2025
https://fmfecpa.com/working-capital-strategies-for-manufacturers-best-practices-and-projections-for-2025

ALIGNING WORKFORCE STRATEGY WITH OVERALL FINANCIAL PRIORITIES

To build capability and adapt to evolving demands, finance leaders are deploying a range of strategies that blend hiring, upskilling, and digital enablement.

Survey responses highlight several practical approaches:

- **Expanding:** Hiring new full-time employees to add headcount.
- **Developing:** Upskilling or reskilling current employees for new roles, supported by training and development.
- **Sourcing:** Investing in talent acquisition or recruitment technologies.
- **Streamlining:** Role consolidation or restructuring, and automation or technology-driven efficiencies (used when reducing headcount).
- **Advancing:** Embedding digital capabilities across finance through AP automation, management reporting and analytics, financial close and consolidation, and forecasting and planning.

"I'm worried about how we train the future me because we're taking away a lot of the manual things that I did in my 20s and 30s that helped develop me and gave me the insights I have. Reducing manual work is a good thing, but at the same time, we have to figure out how we train people to have the background to question it - to question those things that aren't right, that don't look right. Even developing a feel for what doesn't look right."

- Financial Leader Reporting to CEO, Global Manufacturing

forvis mazars INSIGHTS

Building Workforce Readiness for Digital Transformation

Technology may be the enabler, but people are the catalyst for successful digital transformation. Every technology tool depends on human insight to define problems, validate outputs, and scale solutions. Transformation begins with empowering employees to experiment, ideate, and challenge assumptions, because innovation doesn't happen in isolation. Finance professionals must not only learn to interact with technology but also become active participants in shaping how these tools deliver value.

Building this capability requires a cultural shift toward curiosity and collaboration. Teams should be encouraged to test new ideas, validate AI-generated insights, and provide feedback that improves accuracy and usability. By fostering an environment where employees feel confident experimenting and testing the boundaries of technology, organizations create a feedback loop that drives continuous improvement and sustainable transformation.

FINANCE IMPLICATION: Driving effective digital transformation requires finance leaders to champion a culture of curiosity while ensuring governance, accuracy, and measurable business impact.

SECTION THREE

TALENT & WORKFORCE

Talent shortages compound top challenges, as finance increasingly needs professionals skilled in analytics and strategic business partnering rather than transactional work. At the same time, CFOs must manage growing regulatory complexity, cybersecurity risks, and economic volatility, all while proving the ROI of automation and AI investments. The demand for agility (rolling forecasts, rapid scenario modeling, and proactive risk management) has never been higher. Yet, many finance teams struggle to pivot quickly due to outdated processes and cultural resistance to change.

> **"Not as many jobs are being replaced by AI as some people think or imagine. But there's a great opportunity to use these tools to drive efficiency and create incremental throughput per employee."**
>
> \- VP of Finance and Accounting, Technology Company

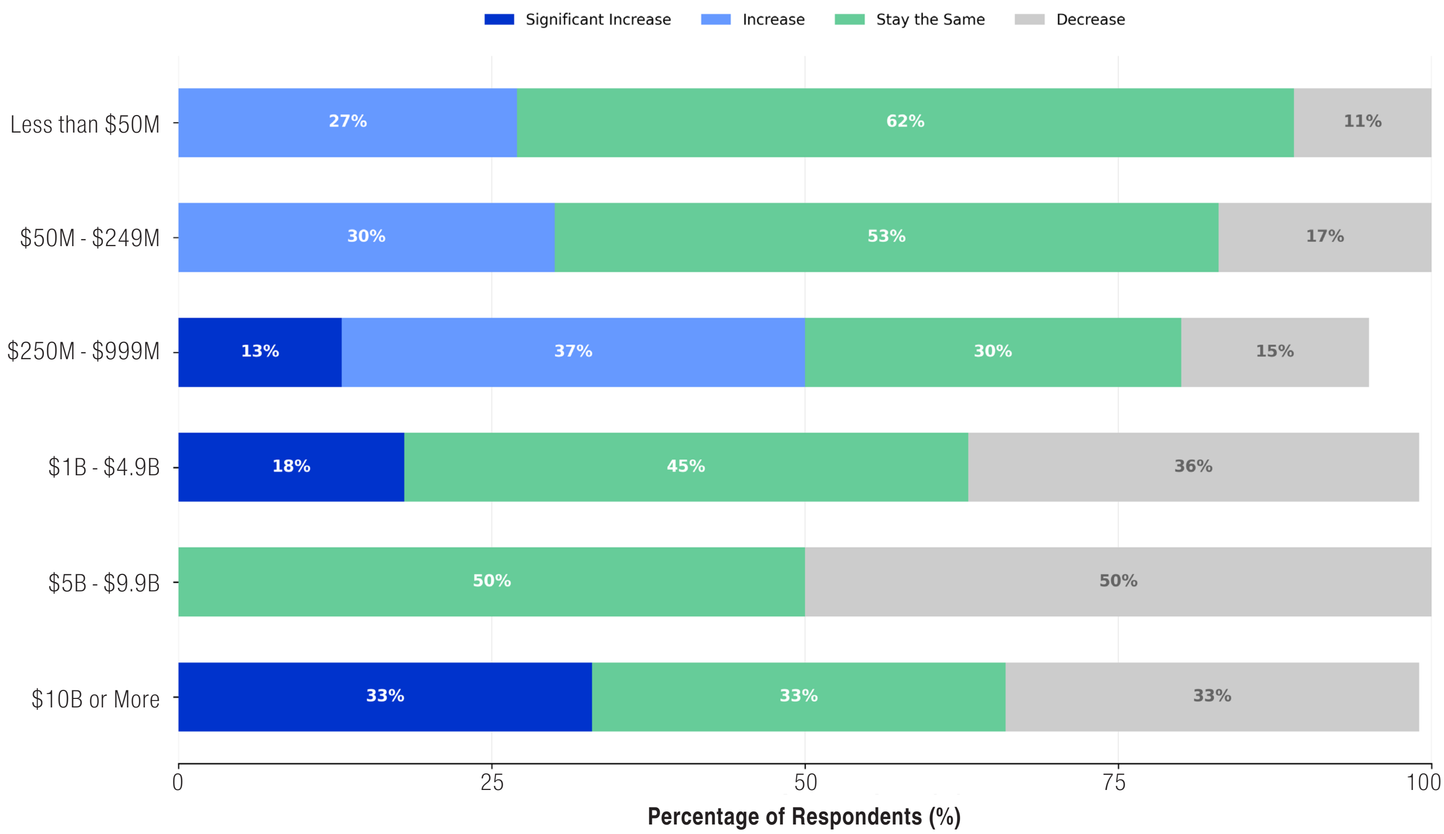
SPOTLIGHT ON TRENDS OVER TIME | SKILLS PRIORITY

2025 FP&A was the top-ranked skill.

2026 Data/Technology/AI holds the top spot.

FIGURE 19: WHAT ARE YOUR COMPANY'S PLANS AROUND OVERALL HEADCOUNT IN 2026?

Multiple Choice, Select One - Responses



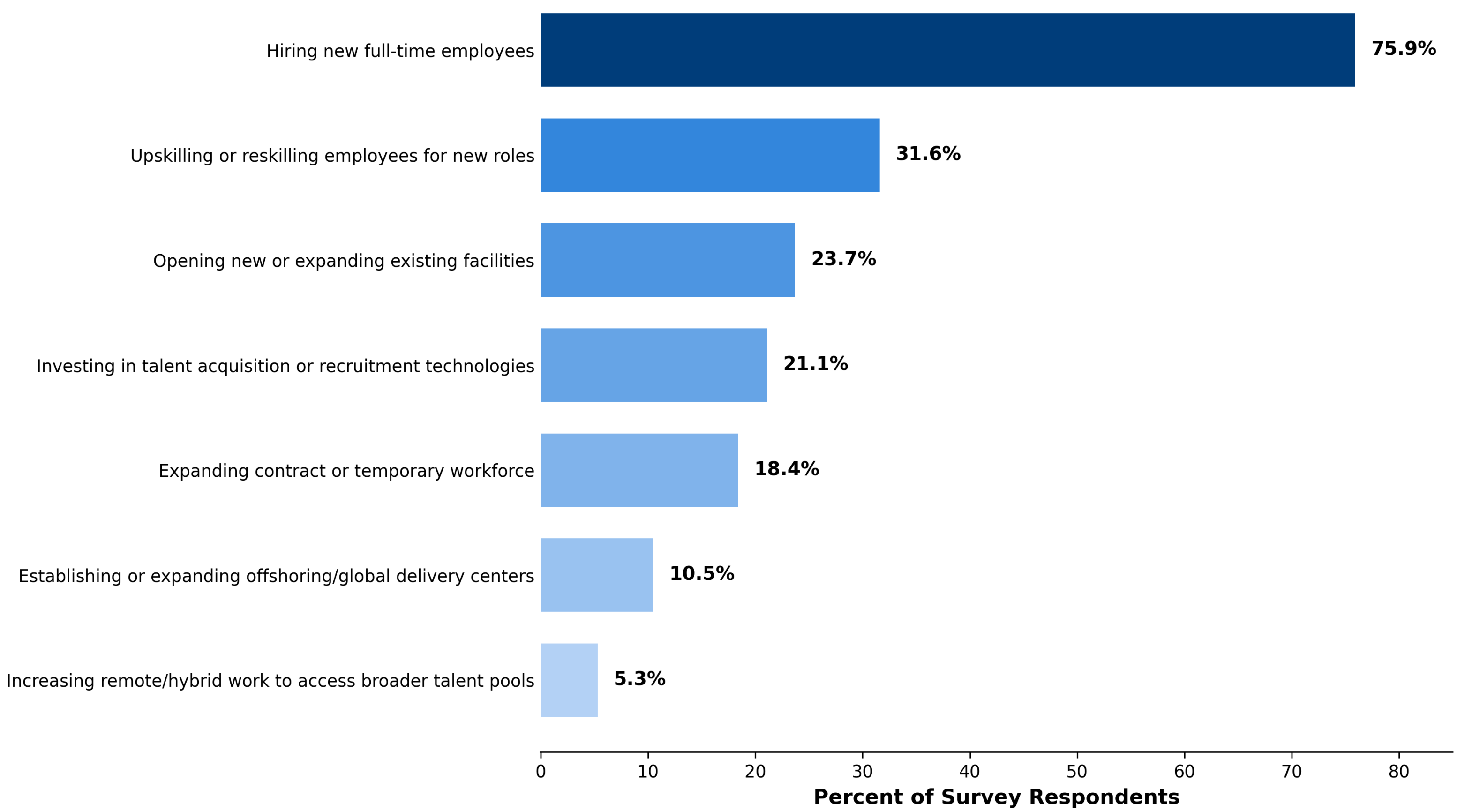
STRATEGIES FOR INCREASING HEADCOUNT IN 2026

Among the 32% of organizations planning to increase headcount in 2026, the vast majority intend to hire new full-time employees. Notably, our survey shows that increasing remote or hybrid work opportunities to access broader talent pools is the lowest prioritized strategy of all, indicating trends that move away from the virtual work environment (Figure 20).

TALENT STRATEGIES

FIGURE 20: IF YOUR COMPANY ANTICIPATES AN INCREASE IN OVERALL HEADCOUNT IN 2026, WHICH METHODS DO YOU PLAN TO USE TO ACHIEVE ADDITION TO HEADCOUNT?

Select All That Apply - Responses



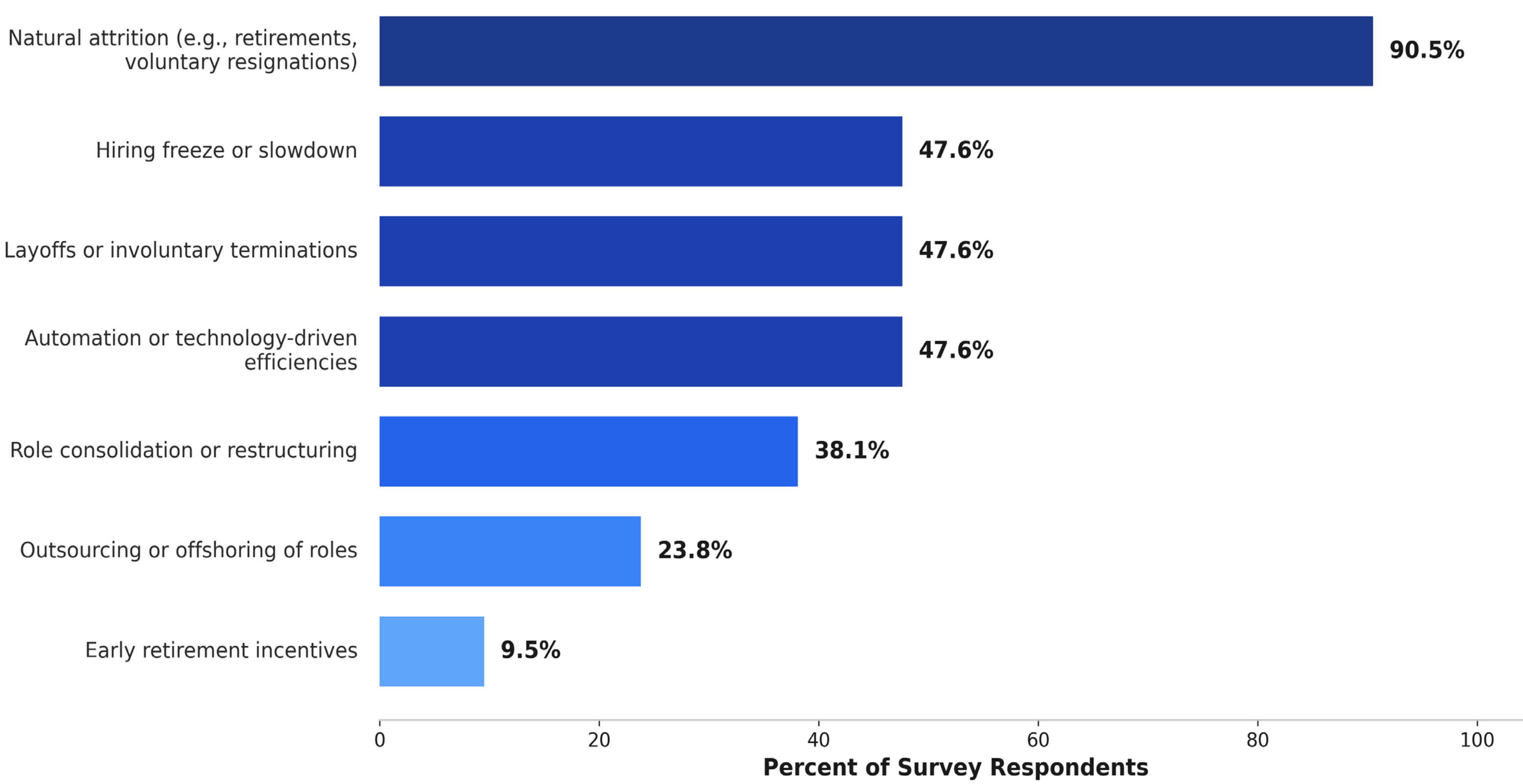
STRATEGIES FOR DECREASING HEADCOUNT IN 2026

For the 19% of organizations anticipating a decrease in headcount, the most common approach is natural attrition, such as retirements or voluntary resignations. Additional methods include hiring freezes or slowdowns, layoffs or involuntary terminations, automation or technology-driven efficiencies, role consolidation or restructuring, outsourcing or offshoring of roles, and early retirement incentives.

WORKFORCE REDUCTION STRATEGIES

FIGURE 21: IF YOUR COMPANY ANTICIPATES A DECREASE IN OVERALL HEADCOUNT IN 2026, WHICH METHODS DO YOU PLAN TO USE TO ACHIEVE A REDUCTION IN HEADCOUNT?

Select All That Apply - Responses



SECTION FOUR

CYBERSECURITY & RISK MANAGEMENT

Cybercrime's projected global costs for 2025 is $10.5 trillion[7], making it the third largest "economy" globally after the U.S. and China. U.S. businesses made significant contributions to prevention efforts as part of the global trend. With an estimated global cybersecurity spending at $213 billion in 2025, the U.S. accounts for the largest share (roughly 40-45% of global spend)[8].

On the defense side, both federal and private-sector stakeholders are expanding their capabilities. The U.S. federal government proposed approximately $13 billion in cybersecurity funding for FY 2025, with $3 billion allotted to Cybersecurity and Infrastructure Security Agency (CISA) for initiatives like endpoint detection, zero trust deployments, and critical infrastructure protection[9]. Privately, U.S. enterprises have invested over $87 billion in cybersecurity in 2025, focusing on real-time detection (XDR), managed Security Operation Center (SOC), and workforce training[10]. U.S. entities remain prime targets, with daily volumes of over 4.5M new malware files and 38M identity risk detections[11], showing a clear shift toward proactive, resilient cybersecurity strategies.

Per our survey, cybersecurity remains a top-tier risk, reflecting its centrality to digital transformation. Combined, 60% of organizations rate their preparedness as fully or mostly prepared (Figure 22) while 61% reported feeling concerned. Even though 60% of organizations rate themselves as fully or mostly prepared, the fact that the majority express heightened concern about financial impact signals a gap between perceived readiness and confidence in resilience.

SPOTLIGHT ON TREND OVER TIME | LEVEL OF CONCERN REGARDING IMPACT OF CYBERSECURITY THREAT

2025

Reported cybersecurity concern levels were high:

- **28% very concerned**
- **50% slightly concerned**

2026

Reported concern levels fell:

- **19% very concerned**
- **42% slightly concerned**

7 - XtendedView | December 10, 2025: Cybersecurity Statistics 2025: The Alarming Truth
https://xtendedview.com/cybersecurity-statistics/

8 - The National CIO Review (TNCR) | Gartner Forecasts $213 billion in 2025 Security Spending
https://nationalcioreview.com/articles-insights/gartner-forecasts-213-billion-in-2025-security-spending/

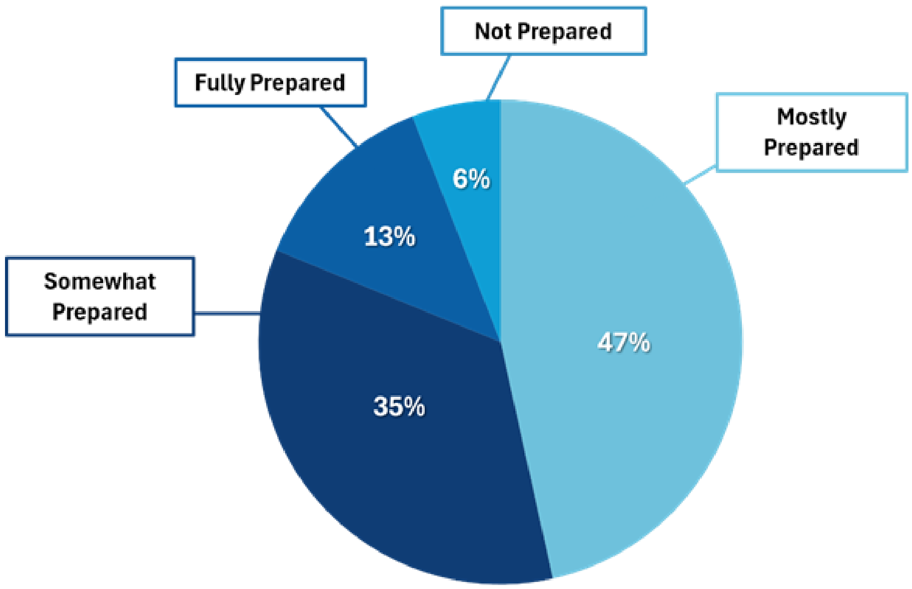
9 - MeriTalk | March 11, 2024: Biden's FY25 Budget: $13B for Cyber; CISA Gets $103M Increase, TMF Sees $125M Cut
https://www.meritalk.com/articles/bidens-fy25-budget-13b-for-cyber-cisa-gets-103m-increase-tmf-sees-125m-cut/

10 - ACSMI | Cybersecurity in North America: Original Report & Emerging Trends (2025)
https://acsmi.org/blogs/cybersecurity-in-north-america-original-report-amp-emerging-trends-2025

11 - Microsoft | Microsoft Digital Defense Report 2025
https://www.microsoft.com/en-us/corporate-responsibility/cybersecurity/microsoft-digital-defense-report-2025/

FIGURE 22: HOW PREPARED IS YOUR COMPANY TO HANDLE A MAJOR CYBERSECURITY INCIDENT?

Multiple Choice, Select One - Responses



INDUSTRY INSIGHTS

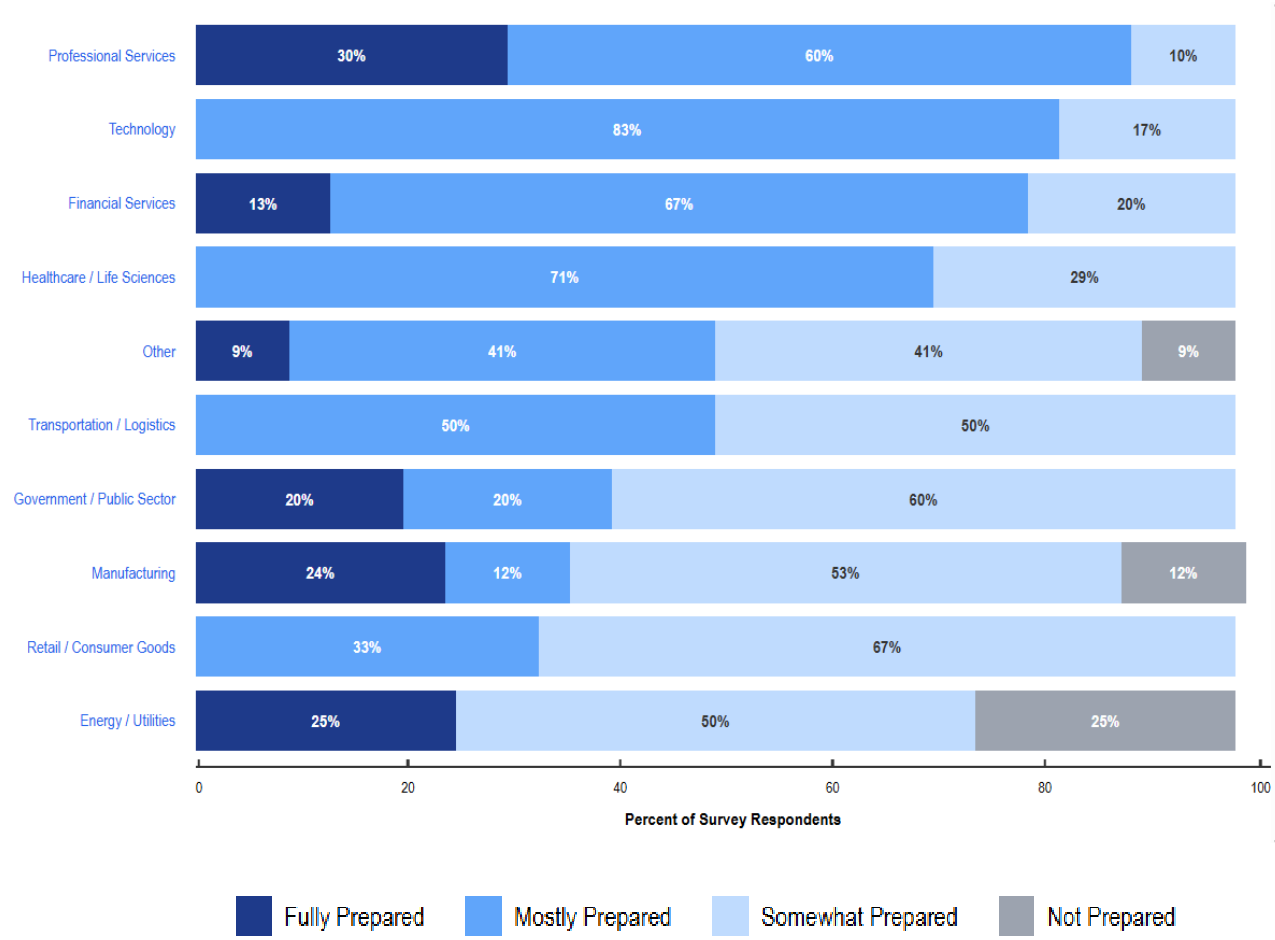
Per our survey results, professional services, technology, and financial services come on top as most prepared overall, as these industries face the highest risk of attack, and in turn, stricter regulations (e.g., SEC, PCI, GDPR, FFIEC) that mandate robust cybersecurity measures. They also operate in highly digital environments, making cybersecurity a core business function. For example, technology companies often lead in adopting advanced AI-driven tools for threat detection and zero-trust architectures.

On the other hand, energy companies are often among the least prepared for cybersecurity incidents due to several structural and operational factors, but mainly due to low perceived risk. Investments are typically geared toward protecting physical infrastructure as the primary vulnerability.

TECHNOLOGY PRIORITIES AND INVESTMENTS

FIGURE 23: HOW PREPARED IS YOUR COMPANY TO HANDLE A MAJOR CYBERSECURITY INCIDENT?

Multiple Choice, Select One - Responses



Section Four

CYBERSECURITY & RISK MANAGEMENT

CYBERSECURITY INVESTMENTS

AI-powered automation is anticipated to represent the primary technology investment in the coming 12 months (Figure 24). This trend is logical, as artificial intelligence and cybersecurity are mutually reinforcing, offering complementary strengths in both defense and threat detection.

AI enhances cybersecurity through:

- **Threat Detection & Prediction:** AI-powered systems scan network traffic and user behavior in real time to detect anomalies and predict breaches by spotting patterns humans might miss.

- **Automated Response:** AI enables SOC's to automate responses to common threats, reducing reaction time from hours to seconds.

- **Adaptive Defense:** AI-driven tools continuously learn from new attack vectors, making defenses more dynamic and resilient against evolving threats.

Cybersecurity Protects AI Systems through:

- **Securing AI Models:** AI systems themselves can be targets for adversarial attacks, where hackers manipulate input data to deceive models. Cybersecurity ensures these models remain trustworthy and robust.

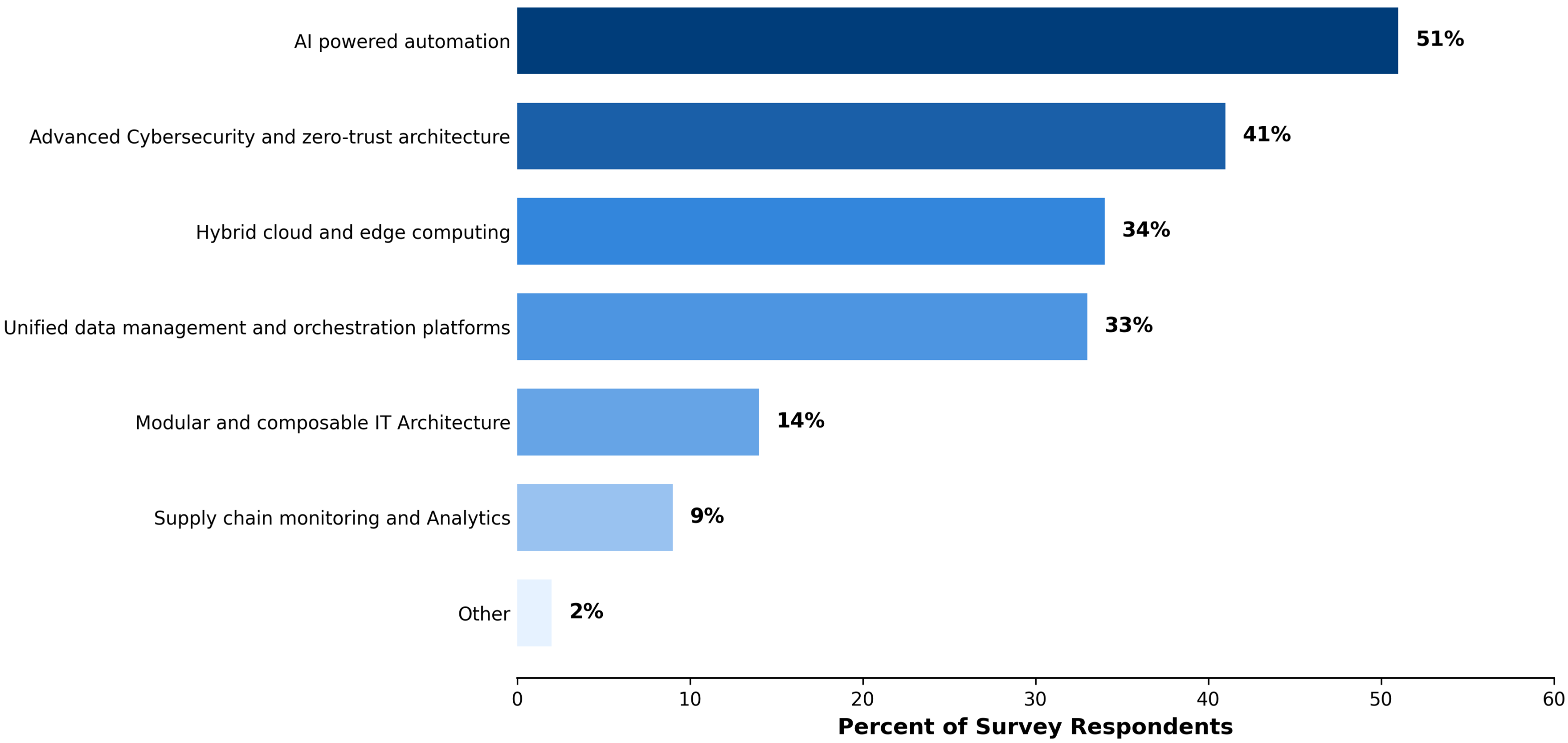
- **Data Integrity & Privacy:** AI relies on large datasets, which must be protected from breaches and tampering. Cybersecurity safeguards sensitive data used for training and inference.

- **Compliance & Governance:** Cybersecurity frameworks help enforce ethical AI use, ensuring compliance with regulations like GDPR and U.S. data protection laws.

Together, AI and cybersecurity create a feedback loop: AI strengthens cyber defenses, while cybersecurity ensures AI systems remain secure and reliable. The combination of AI and cybersecurity creates a mutually beneficial relationship: AI enhances detection and response capabilities, while cybersecurity safeguards AI's data, models, and operating environment. However, the same AI technologies are also accessible to malicious actors, allowing them to execute more convincing social engineering attacks, identify vulnerabilities more quickly, and increase the scale of fraud. As a result, organizations should approach AI adoption as both a means to accelerate defense and as an expansion of their threat landscape. This requires implementing stronger identity controls, ongoing monitoring, and careful validation of high-impact actions.

FIGURE 24: WHICH TECHNOLOGY INVESTMENTS IS YOUR COMPANY PRIORITIZING OVER THE NEXT 12 MONTHS TO ENHANCE CYBERSECURITY MATURITY?

Select All That Apply - Responses



> "We are ISO 27000 certified. One of our clients has come in - I don't know exactly what it is—but it's an even higher security protocol and compliance that we have to apply to and show that we're doing it that way. So we are already putting those compliances into place and making sure that we're following them. We are constantly testing our people every single month."

- Senior Vice President and CFO, Engineering Consulting

Section Five

AI & DIGITAL TRANSFORMATION

READINESS & PLANNING

Artificial intelligence adoption is now a strategic imperative worldwide. As of Q1 2025[12].

87% of global companies consider AI a top priority

75% already using AI

69% are leveraging generative AI in at least one business function

AI is beginning its shift from experimentation to broad-scale implementation, however, many organizations are currently stuck in "pilot purgatory". In 2025, 88% of organizations regularly use AI[13] in at least one business function, but only about one-third have begun scaling AI across the enterprise[14]. This data aligns with our survey, showing AI and machine learning as top priorities for investment in 2026 (Figure 25).

This discrepancy underscores a critical readiness gap. While AI is an indispensable tool for driving efficiency, according to our survey only 15% of organizations report being well or fully prepared to support advanced analytics and AI initiatives, while 51% are either not prepared or only somewhat prepared, largely due to foundational data issues and infrastructure gaps.

According to our expert panelists , in order to successfully launch and execute on AI & digital transformation, a true understanding of business objectives and challenges needs to happen across the enterprise to solve for segmented data and siloed processes which pose a road block to effective change.

12 - IDCA | Global Artificial Intelligence Report (2025)
https://www.idc-a.org/insights/0bKr4NJQdK5sYcAQaGZD

13 - Quantum Black - AI by McKinsey) | November 5, 2025: The State of AI in 2025: Agents, Innovation, and Transformation Survey
https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-ai

14 - Quantum Black - AI by McKinsey) | November 5, 2025: The State of AI in 2025: Agents, Innovation, and Transformation Report
https://www.mckinsey.com/~/media/mckinsey/business%20functions/quantumblack/our%20insights/the%20state%20of%20ai/november%202025/the-state-of-ai-2025-agents-innovation_cmyk-v1.pdf?u/

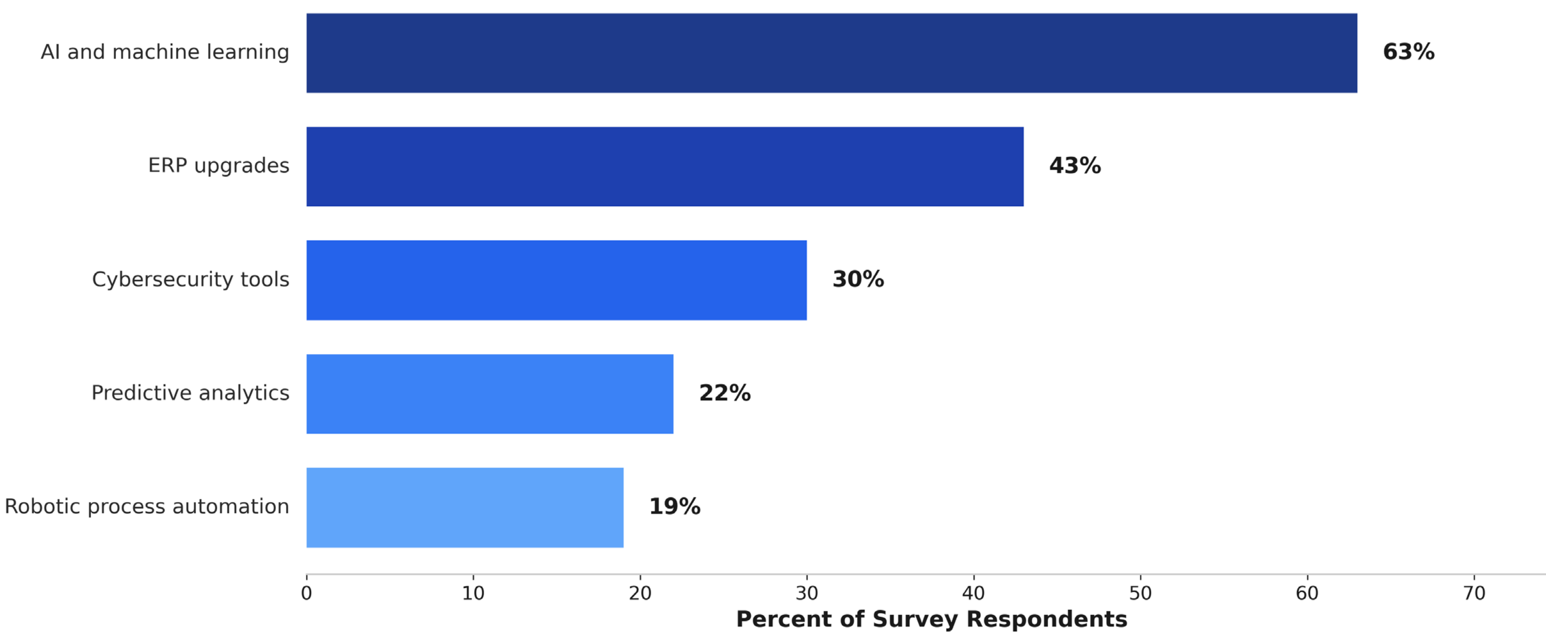
Section Five

AI & DIGITAL TRANSFORMATION

"True transformation relies on alignment across the enterprise—not just within finance."

- CAO, Global Technology

FIGURE 25: WHICH TECHNOLOGY IS YOUR COMPANY PRIORITIZING FOR INVESTMENT IN 2026?



"You have to start with the foundation. You have to have very good clean data and you need to know where it all is in order to really push forward with a real transformation."

- CFO, Exercise Equipment and Connected Fitness Company

SECTION FIVE

AI & DIGITAL TRANSFORMATION

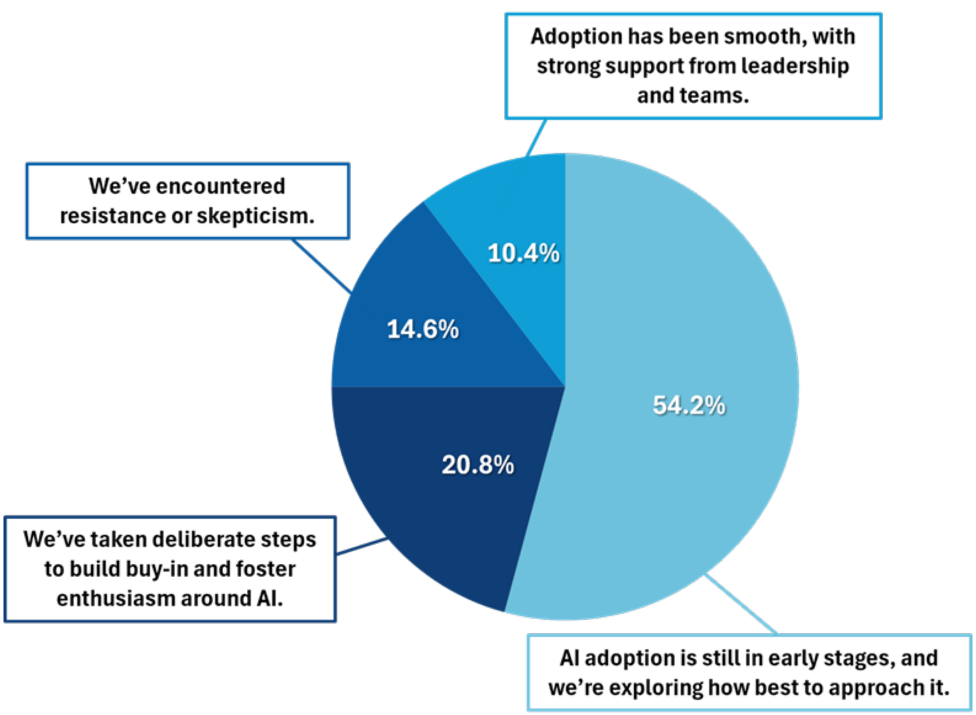
AI ADOPTION

As AI adoption and Digital Transformation stay top of mind for finance leaders, the journey toward integration is rarely straightforward. While some companies report smooth implementation supported by leadership, many remain in early stages as businesses work to balance the promise of automation, advanced analytics, and generative tools with potential risks, workforce disruption, cybersecurity, regulatory hurdles, and the need for governance.

According to our survey, 54% are still in early stages and exploring how best to approach AI, while the majority of respondents have begun their digital transformation journey in some way (Figure 26).

FIGURE 26: WHAT HAS BEEN YOUR COMPANY'S EXPERIENCE WITH AI ADOPTION?

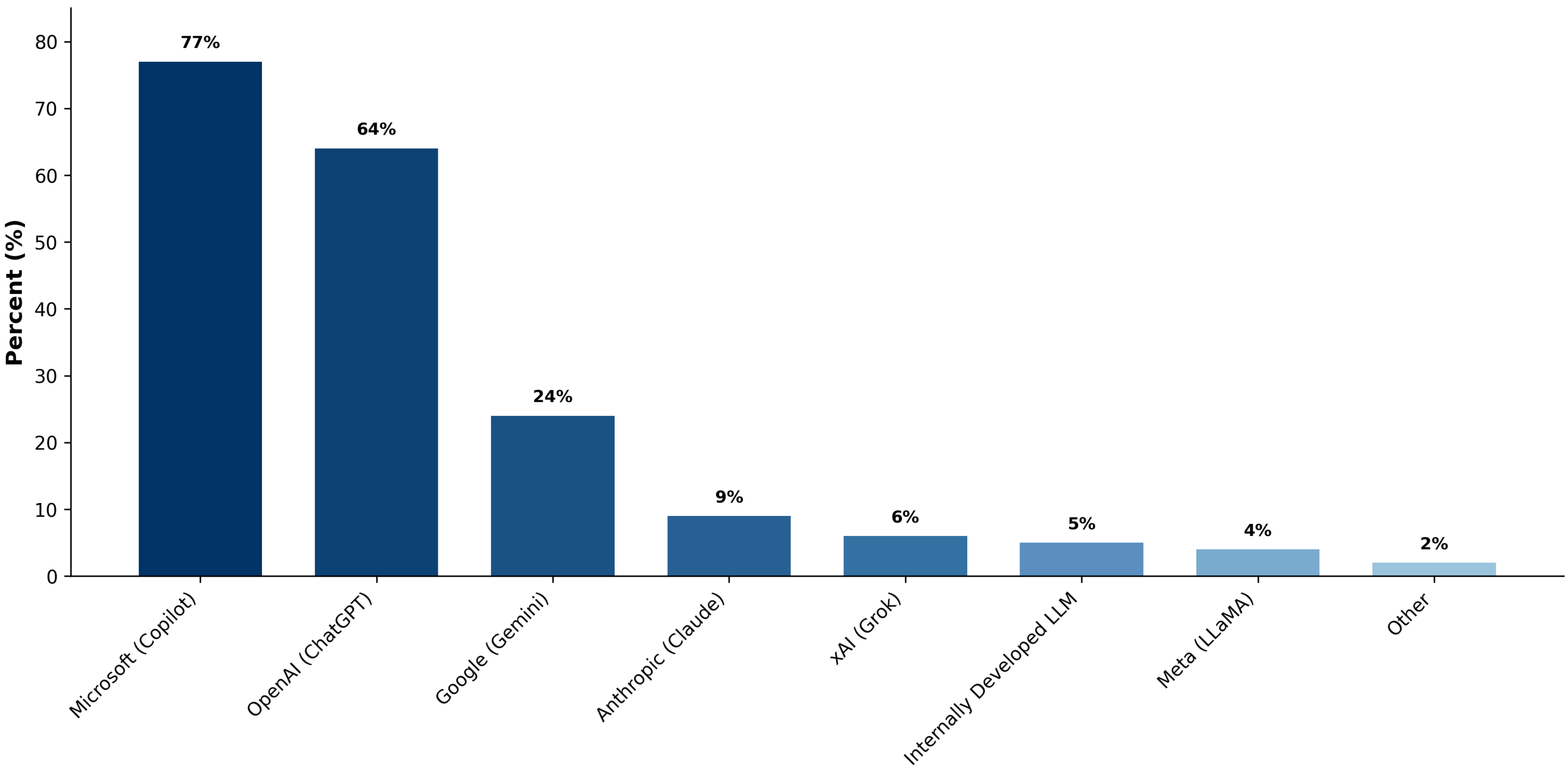
Multiple Choice, Select One - Responses



Survey responses indicate that AI adoption in finance is progressing from experimentation to more defined, practical use cases, though 54.2% of organizations remain in early stages of deployment. Our survey shows that ChatGPT and Microsoft CoPilot are by far the most widely adopted LLM tools (Figure 27). Reported applications focus on productivity improvements and workflow enhancements within core finance processes and related support functions.

FIGURE 27: WHICH LARGE LANGUAGE MODEL (LLM) VENDOR DOES YOUR COMPANY LEVERAGE FOR INTERNAL AI?

Select All That Apply - Responses



> **"For my department personally, we've already enlisted Copilot. And because we have proprietary information, we cannot have our employees loading up drawings and documents into ChatGPT and saying, 'do this for me.' No. One of the things I always tell people is to check your contracts. Make sure you understand what's in your contracts and what you can and cannot do from an AI perspective. So we have an in-house attorney who looks through all of that for us and works with our VP of IT to make sure we're in compliance."**
>
> - Senior Vice President and CFO, Engineering Consulting

SECTION FIVE
AI & DIGITAL TRANSFORMATION

Our survey shows the most common use cases for AI include:

- **Content and Communications**
  Draft emails, letters, proposals and presentations; edit technical memos and contracts; take meeting notes.

- **Research and Review**
  Summarize long regulatory or policy documents, conduct contract and reviews, and generate page-referenced summaries to guide human review.

- **Automation**
  Reported automation use cases include AP invoice data entry and review, AR reconciliation, order entry, inventory discrepancy resolution, expense invoice approvals, and help desk automation.

> “One of the things AI does well is analyzing data. Many large language models are essentially intelligent pattern-matching tools, and patterns are most noticeable and applicable in numerical data analysis.
>
> - Vice President,
> Finance and Accounting,
> Tech Services”

> “As a software development company, we use AI-based development tools to help our team code more efficiently, check lines of code, and assist with unit testing and related tasks.
>
> - Vice President,
> Finance and Accounting,
> Tech Services”

- **Data and Analysis**
  Baseline forecasts, trend detection, self-serve analysis, and building internal knowledge bases powered by large language models.

- **Coding and Enablement**
  Some organizations highlight enabling programming by non-programmers accelerating development and testing, and building supplier portals with AI assistance.

- **Strategy and Planning**
  Leaders report using AI to evaluate and enhance strategic plans, support benchmarking, and assist planning activities, including evaluations for compliance with reporting standards.

Section Five

AI & DIGITAL TRANSFORMATION

While 73% of survey responses show that companies are prioritizing enhancing personal productivity and / or transforming business processes, 23% of respondents reported having no plans for active adoption (Figure 28). Nearly 80% of those who responded in this way had revenues of <$250M. Smaller businesses often hesitate to implement AI for a variety of interconnected reasons, including:

55% Limited understanding of AI capabilities and potential benefits

42% Limited internal expertise or resources to support AI initiatives

41% Challenges with integrating AI into existing systems and workflows

40% Lack of clear business use cases or perceived need

33% Concerns around data privacy, security, or regulatory compliance

26% Fear of job displacement or workforce disruption

20% Uncertainty about ROI or cost-effectiveness

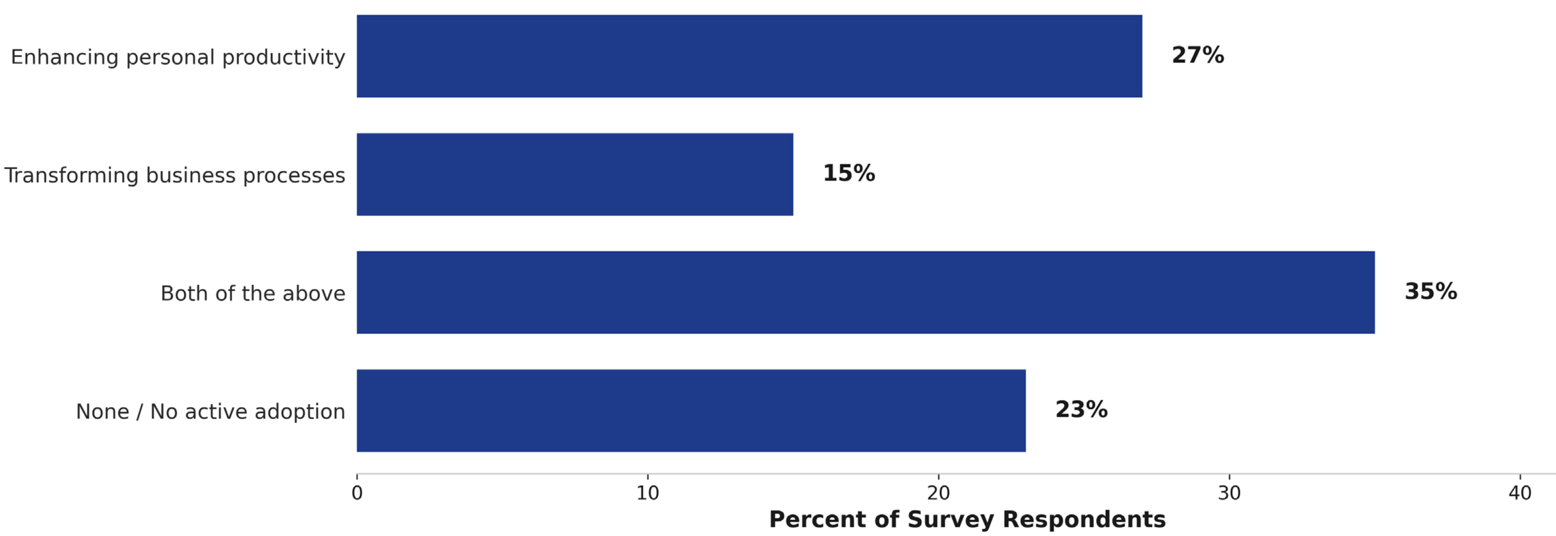
9% Report no hesitation or resistance

SECTION FIVE

AI & DIGITAL TRANSFORMATION

FIGURE 28: IN WHICH AREAS HAS YOUR COMPANY PRIORITIZED THE ADOPTION OF AI?

Multiple Choice, Select One - Responses



BUDGET ALLOCATION

Businesses are increasingly prioritizing AI & digital transformation in their financial planning, allocating larger portions of their budgets to technology-driven initiatives. This shift from 2025 reflects the growing need to modernize operations, enhance customer experiences, and remain competitive in a rapidly evolving market.

SPOTLIGHT ON TREND OVER TIME | AI INVESTMENT

2025 **Finance leaders were broadly balanced or undecided about AI investment** (39% moderate investment / moderate risk; 38% undecided)

2026 **AI and machine learning are the top technology investment priorities** (64%)

Section Five

AI & DIGITAL TRANSFORMATION

Despite technology leading in priority, we only see 5% of organizations allocating more than 20% of their finance budget to digital transformation (Figure 29), perhaps hinting at larger spend in 2026. Based on our survey, all of the top investors are companies with annual revenues between $250M – $999M (Figure 30), indicating a sweet spot for digital transformation readiness. Larger mid-market companies are the heaviest investors for several reasons:

SCALE AND COMPLEXITY

These companies are large enough to have complex operations, multiple departments, and diverse customer bases, which creates a strong need for integrated digital systems. Unlike smaller firms, manual processes become inefficient at this scale.

COMPETITIVE PRESSURE

Mid-market companies often compete with both smaller, agile firms and large enterprises. To stay competitive, they invest heavily in technology to improve efficiency, customer experience, and innovation.

RESOURCE AVAILABILITY

They have more financial flexibility than small businesses but are not as constrained by legacy systems as very large corporations. This makes them well-positioned to allocate significant budgets toward modernization without the massive overhaul costs faced by billion-dollar enterprises.

GROWTH AMBITIONS

Many businesses in this range are in a growth phase — expanding into new markets or scaling operations. Digital transformation supports scalability, automation, and data-driven decision-making, which are critical for sustainable growth.

RISK MANAGEMENT AND COMPLIANCE

As companies grow, regulatory requirements and cybersecurity risks increase. Investing in digital tools helps manage compliance and protect against threats, which is essential for maintaining trust and avoiding costly breaches.

forvis mazars INSIGHTS

Funding Transformation - Expert Insights

As a strategic business partner of FEI, Forvis Mazars had the opportunity to moderate a panel at **FEI's 2025 Corporate Financial Reporting Insights (CFRI) Conference**.

Our expert panelists emphasized that organizations should avoid allocating all resources to projects with immediate ROI. Instead, they recommended a portfolio approach:

- Budget should be allocated to innovation and experimentation in addition to ROI-driven initiatives. This enables organizations to explore future growth opportunities without the pressure of short-term returns. As companies move beyond personal productivity use cases, process re-imagining will require longer horizon development and associated strategic mindset.

This balance ensures innovation doesn't stall due to strict financial goals and allows teams to test emerging technologies like AI in controlled environments.

INCLUDE WORKFORCE ENABLEMENT IN THE BUDGET

AI adoption isn't just about technology—it's about people. Our panelists advised allocating funds for:

- Training and upskilling programs to help employees adapt to new tools.
- Change management initiatives to reduce fear and resistance.

FIGURE 29: WHAT PERCENTAGE OF YOUR FINANCE BUDGET IS ALLOCATED TO DIGITAL TRANSFORMATION INITIATIVES?

Multiple Choice, Select One - Responses

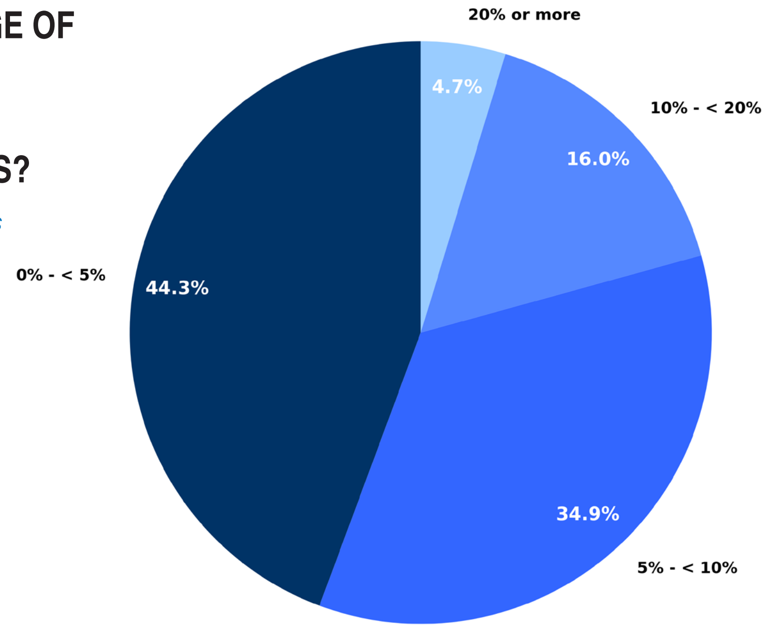
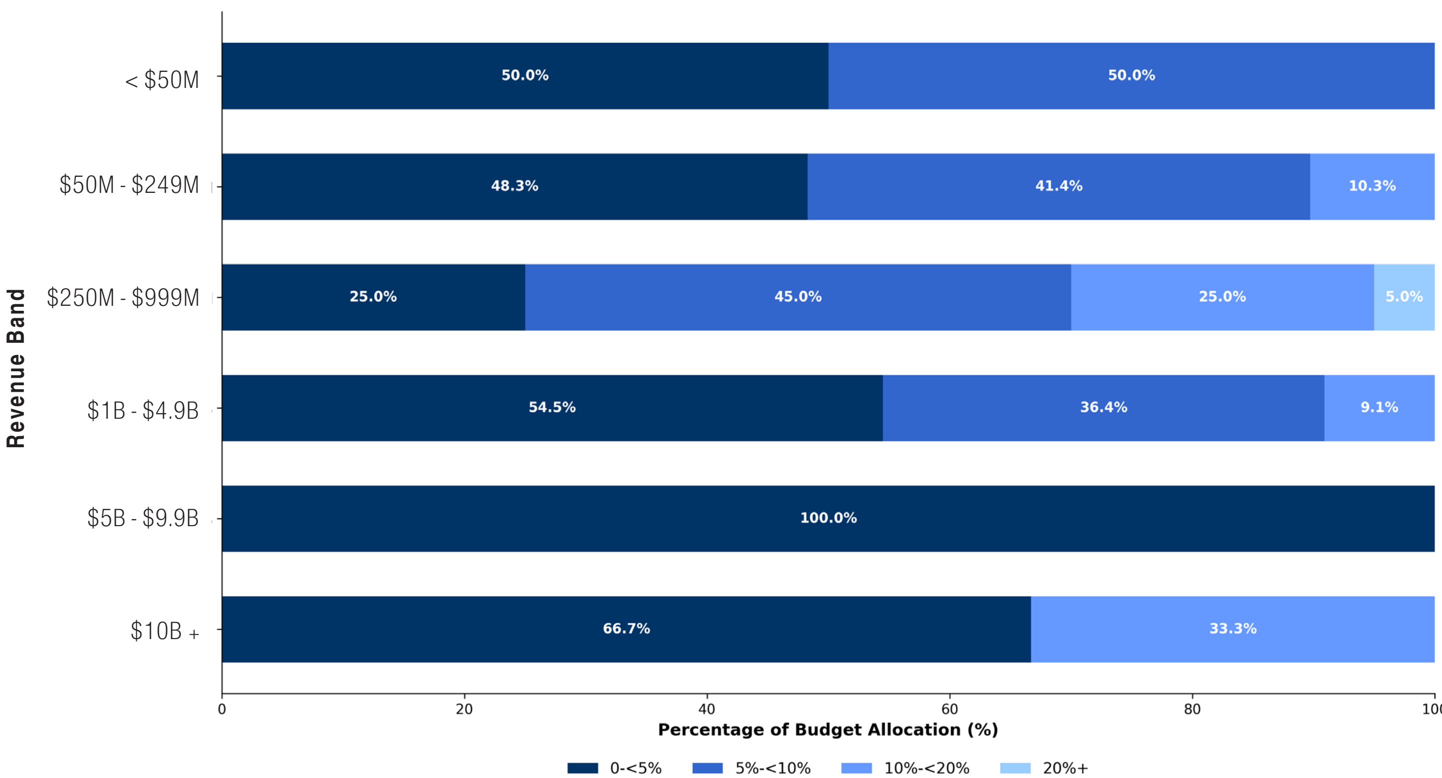


FIGURE 30: WHAT PERCENTAGE OF YOUR FINANCE BUDGET IS ALLOCATED TO DIGITAL TRANSFORMATION INITIATIVES?

Multiple Choice, Select One - Responses



Section Five

AI & DIGITAL TRANSFORMATION

DIGITAL TRANSFORMATION FOCUS IN THE CFO FUNCTION

Our recent survey reveals that finance leaders are prioritizing transformation in the CFO function in three critical areas (Figure 31):

1. **Accounts Payable (AP) Automation**
2. **Financial Forecasting and Planning**
3. **Management Reporting and Analytics**

These focus areas underscore the CFO organization's role as a strategic enabler. By automating routine processes, enhancing forecasting precision, and embedding analytics into decision-making, companies are building agile finance functions equipped to lead in a rapidly changing marketplace.

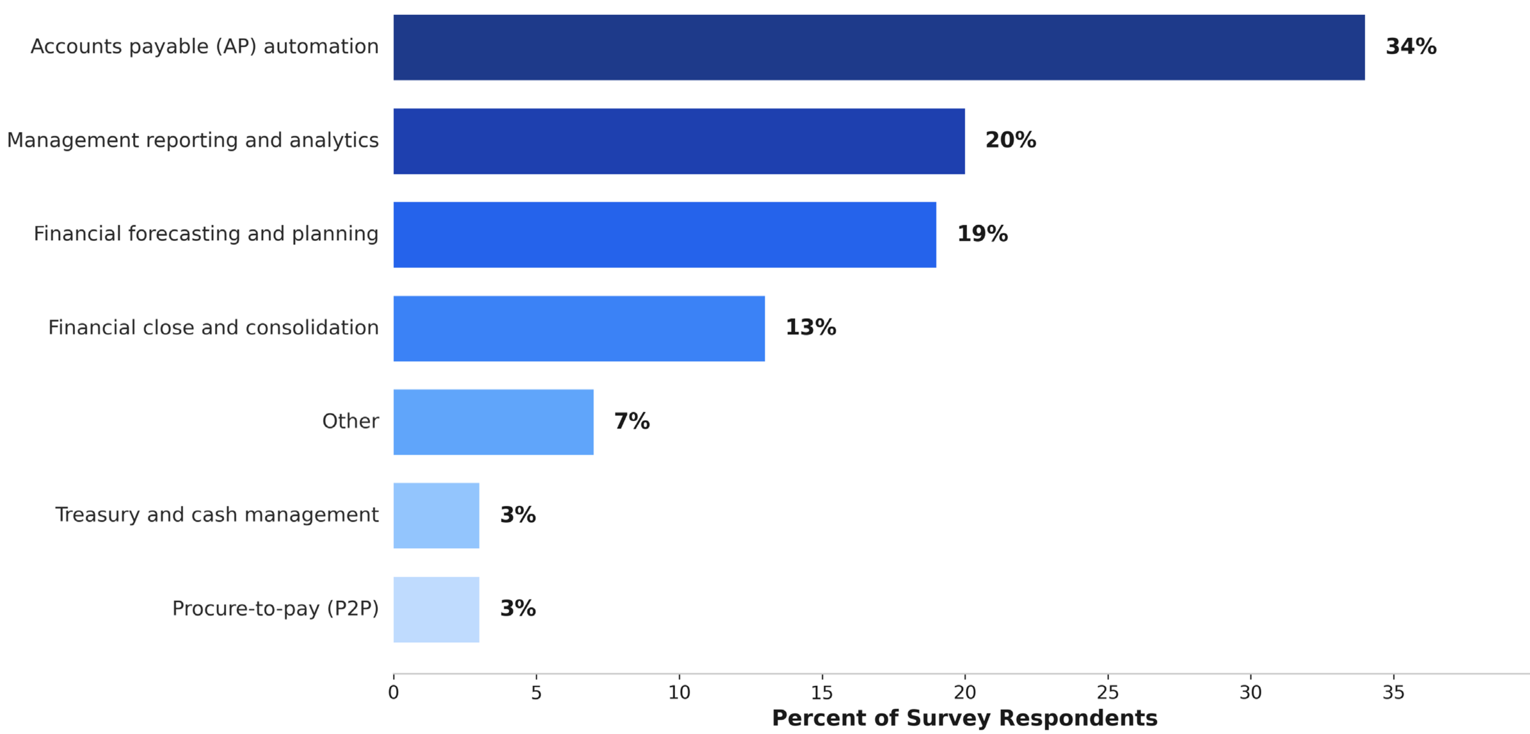
- **AP Automation** is top of mind as companies seek to **reduce manual processing costs, improve accuracy, and strengthen compliance**. Automation accelerates invoice approvals, enhances visibility into cash flow, and frees finance teams to focus on higher-value activities.

- **Financial Forecasting and Planning** has become essential for navigating uncertainty. Organizations recognize that robust forecasting **enables better resource allocation, risk management, and scenario modeling**. Accurate projections not only support liquidity management but also build investor confidence through transparency and discipline.

- **Management Reporting and Analytics** is evolving from static reporting to real-time insights. CFOs are leveraging advanced analytics to **shorten close cycles, improve forecast accuracy, and deliver predictive capabilities** that inform strategic decisions. This transformation positions finance as a proactive partner in driving growth and competitive advantage.

FIGURE 31: WHICH BUSINESS FUNCTION OR PROCESS WITHIN THE CFO ORGANIZATION IS YOUR COMPANY MOST FOCUSED ON TRANSFORMING WITH AI?

Multiple Choice, Select One - Responses



MEASURING SUCCESS AND MANAGING RISK IN AI-DRIVEN FINANCE

Measuring KPIs for AI initiatives is critical to ensure that investments deliver tangible business value. Without clear metrics, organizations risk focusing on technology adoption rather than outcomes. KPIs provide visibility into performance, accuracy, efficiency gains, and ROI, enabling leaders to track progress, identify issues early, and make informed decisions about scaling or adjusting AI solutions. In short, KPIs turn AI from a theoretical advantage into a measurable driver of transformation.

Section Five

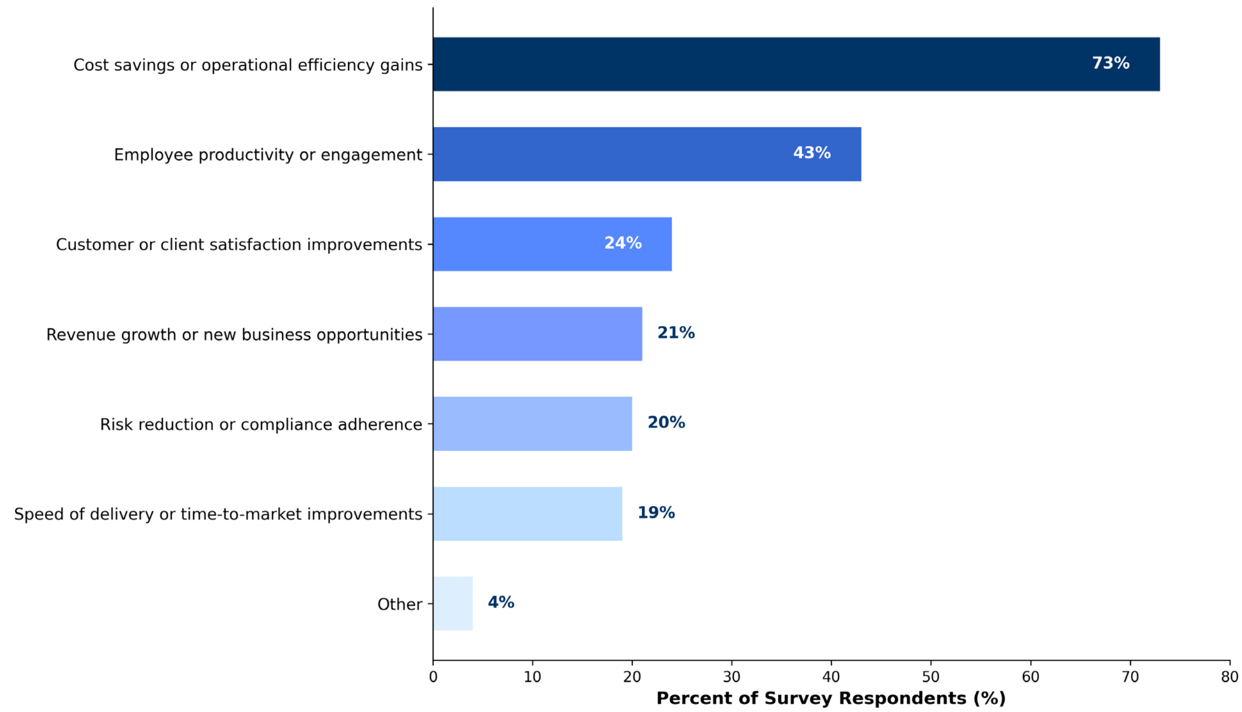
AI & DIGITAL TRANSFORMATION

According to our survey, the top KPIs used to measure AI success include (Figure 32):

- **Cost savings or operational efficiency gains**
- **Employee productivity or engagement**
- **Measured attention to customer or client satisfaction improvements**

FIGURE 32: KEY PERFORMANCE INDICATORS (KPIs) USED TO MEASURE AI SUCCESS

Select All That Apply - Responses



> **"We have a steering committee comprised of senior leadership and IT. We have started an AI policy and shared it with everyone in the company, so there are clear guidelines to follow. The biggest rule is don't share anything on a website that you wouldn't be comfortable seeing published as an op-ed in the newspaper."**
>
> - Financial Leader Reporting to CEO, Global Manufacturing

Section Five

AI & DIGITAL TRANSFORMATION

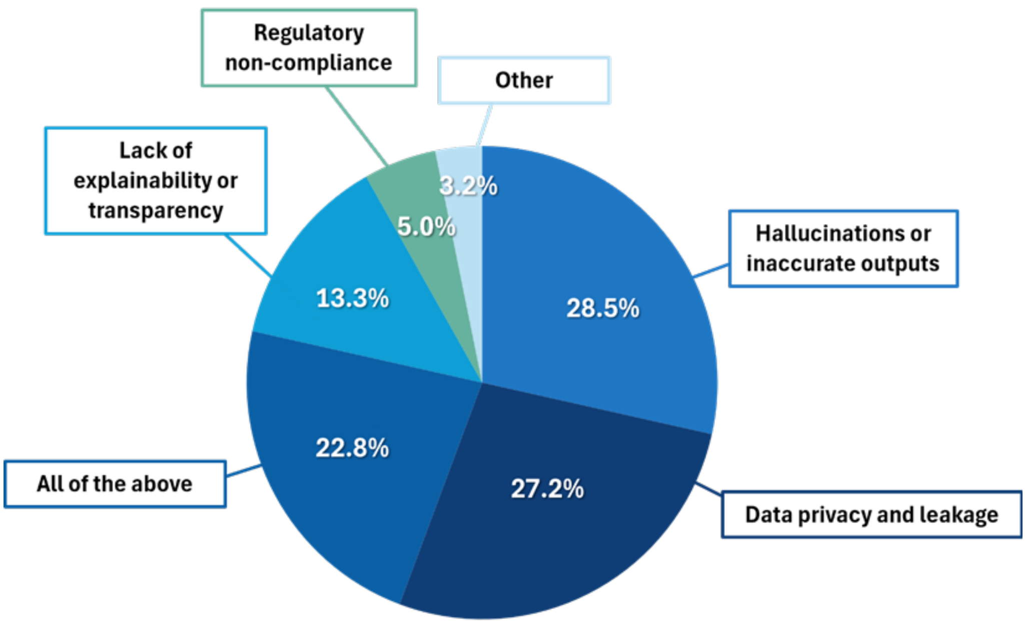
AI RISK CONCERNS

Integrating AI into finance operations offers tremendous potential for efficiency and insight, but it also introduces new risks that must be managed carefully. From data privacy and compliance concerns to algorithmic bias and operational disruptions, organizations need a structured approach to safeguard against unintended consequences. Effective risk management begins with clear governance, robust controls, and proactive ROI monitoring to ensure AI solutions deliver value without compromising security, accuracy, or trust.

The top concerns for deploying generative AI or LLMs center on hallucinations / inaccuracy and data privacy / leakage (Figure 33).

FIGURE 33: WHICH RISKS ARE MOST CONCERNING WHEN DEPLOYING GENERATIVE AI OR LLMS WITH YOUR COMPANY?

Select All That Apply - Responses



> We have a VP of Security and Compliance who owns our AI policy, but overall, it's a collaborative effort across our executive team. We use a variety of AI tools - Copilot, Claude, and some more specialized use cases for ChatGPT, which is often used for quick best practice lookups. It's like Google on steroid.
>
> \- Vice President,
> Finance and Accounting,
> Tech Services

> I don't want people putting all of our sensitive documents and cost information into these software platforms because who knows where that data goes or who might have access to it. I'm cautiously optimistic, but I also know I need to get on board - otherwise, you'll get left behind, and your company will lose so many efficiencies, just like with any kind of automation. You have to get on board, but I also want to fully understand what the risks are.
>
> \- CFO, Global Manufacturing

Conclusion

Finance leaders enter 2026 prepared to turn priorities into progress. The convergence of disciplined capital allocation, technology enablement, risk maturity, and a retooled talent model positions finance to accelerate value creation while increasing resilience. Those who tackle data readiness, scale practical AI, and embed security and governance by design will be best placed to transform challenges into lasting performance.

forv/s mazars INSIGHTS

Digital Transformation Insights From Finance Leaders

Our panel at FEI's 2025 Corporate Financial Reporting Insights (CFRI) Conference brought together finance leaders from **Alphabet**, **Peloton**, and **HP** to discuss how digital transformation is reshaping the finance function.

Key insights include:

- Focus on the business problem and scale thoughtfully.
- Enterprise alignment and strong processes are essential.
- Prioritize clean, accessible upstream data.
- Address the "fear" of AI and its impact on the workforce.
- Manage expectations and embrace experimentation.

>> READ MORE HERE

About the Research

Responses for the **2026 Financial Executives Priorities Report** were collected from 212 financial executives from September 16 to October 24, 2025, representing a diverse cross-section of industries and organizational sizes. The survey was conducted in a closed format to ensure data integrity and respondent confidentiality.

This report draws on confidential survey results, including in-depth interviews with finance leaders. Insights from the interviews are anonymized to ensure candor and confidentiality, and the perspectives of these professionals are woven throughout the report to supplement and contextualize the quantitative findings.

The executive research also includes **2025 CFRI** expert panelist insights on leveraging AI and technology:

> **“We bring end-to-end capabilities to transform our finance functions through process excellence, automation, analytics, and AI—and to round it up with business resilience. What excites me most is starting with the problem statement, not the technology. Once we understand pain points, we interlock them with the power of technology to holistically solve the problem.**
>
> - Senior Finance Executive, Fortune 500 Technology Organization
>
> **Whenever we are looking at transforming any business process, you typically look at four things: people, process, system, and data. The sequence matters. For me, the right sequence is people, process, system, and data. When you start with the right people, you ensure that business processes are simplified and optimized—and then technology comes in to scale what you have built.**
>
> - CFO and CAO, International Consumer Products Company
>
> **We've been on our evolution for many years—from shifting ERP systems to leveraging emerging technology to further automation, strengthen controls, and get deeper insights out of data. Historically, we focused functionally, but now we're attacking this differently—cross-functionally by process. We've established people who are in charge of the entire process, truly end-to-end, and they're leading transformation across finance and the enterprise.”**
>
> - CAO and Controller, Global Technology Company

FIGURE 34: WHAT IS YOUR COMPANY'S ANNUAL REVENUE?

Multiple Choice, Select One - Responses

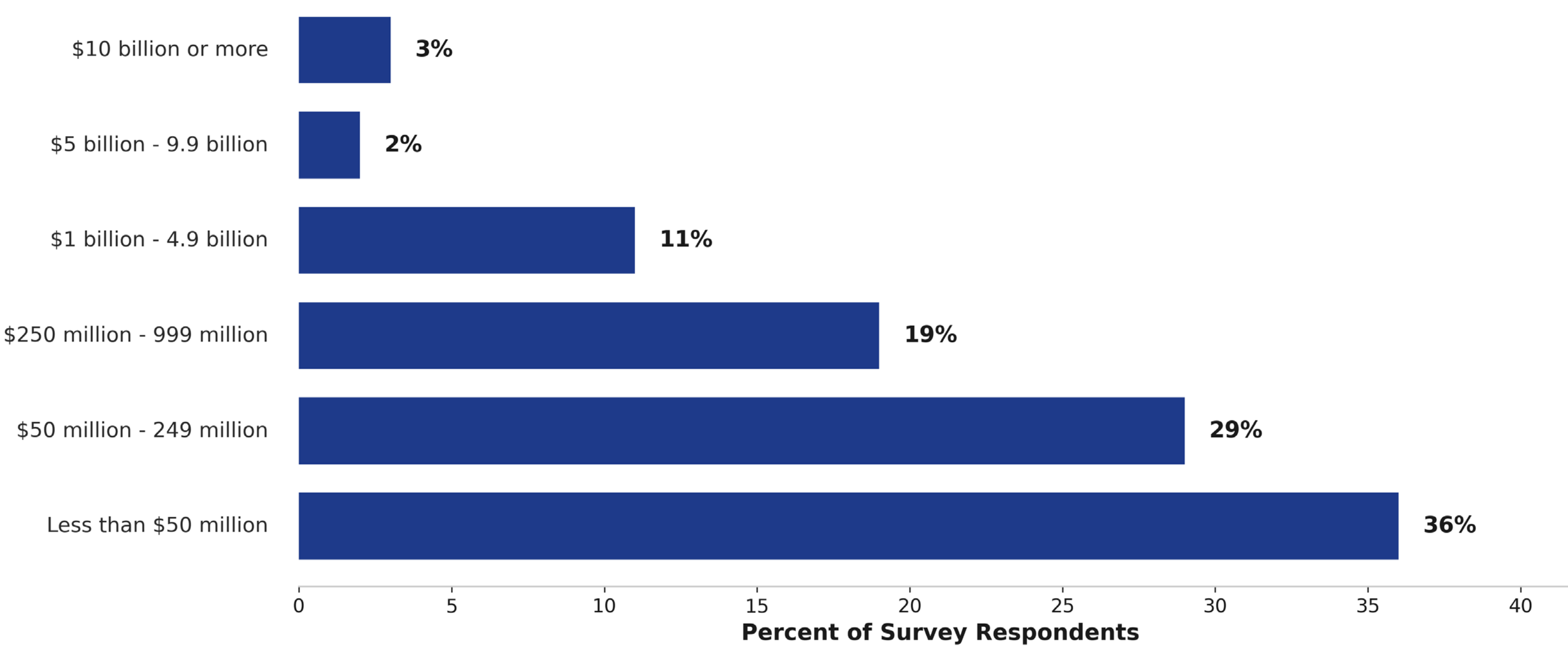


FIGURE 35: HOW MANY EMPLOYEES DOES YOUR COMPANY EMPLOY?

Multiple Choice, Select One - Responses

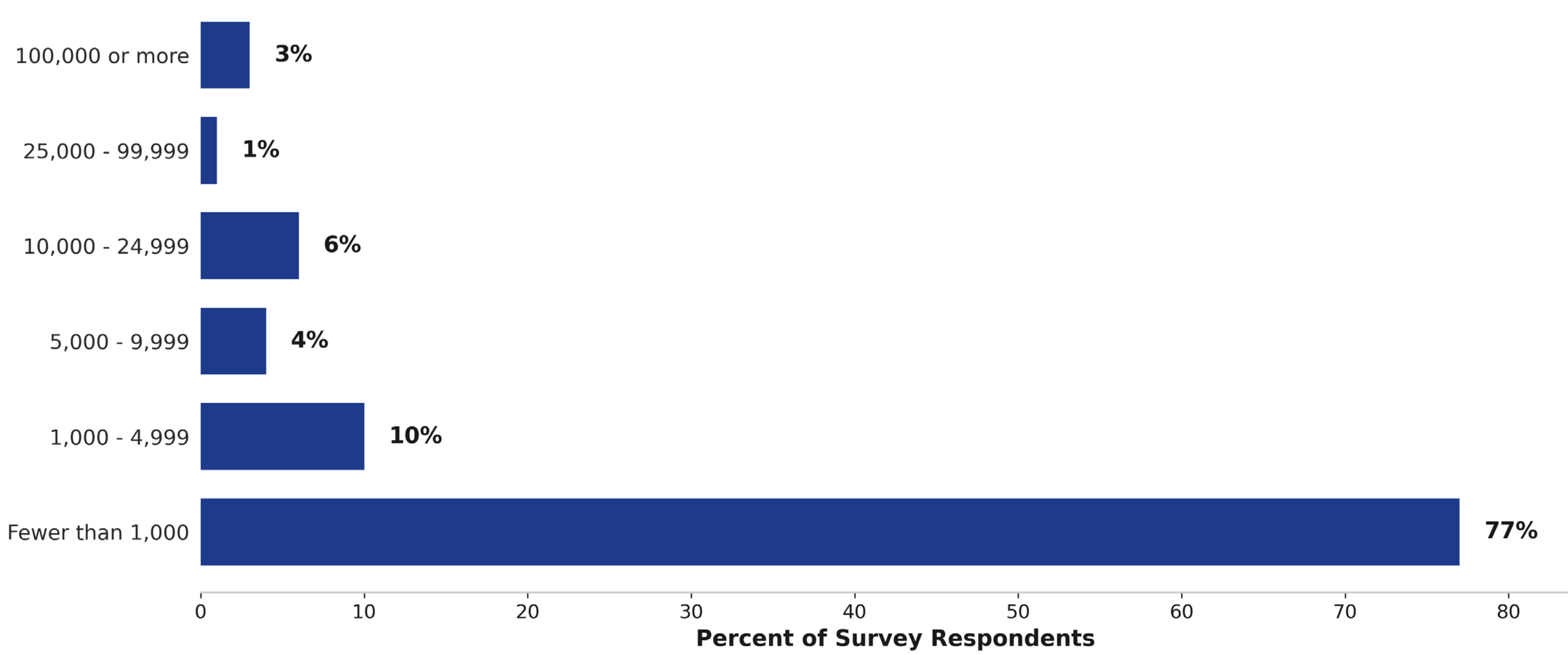
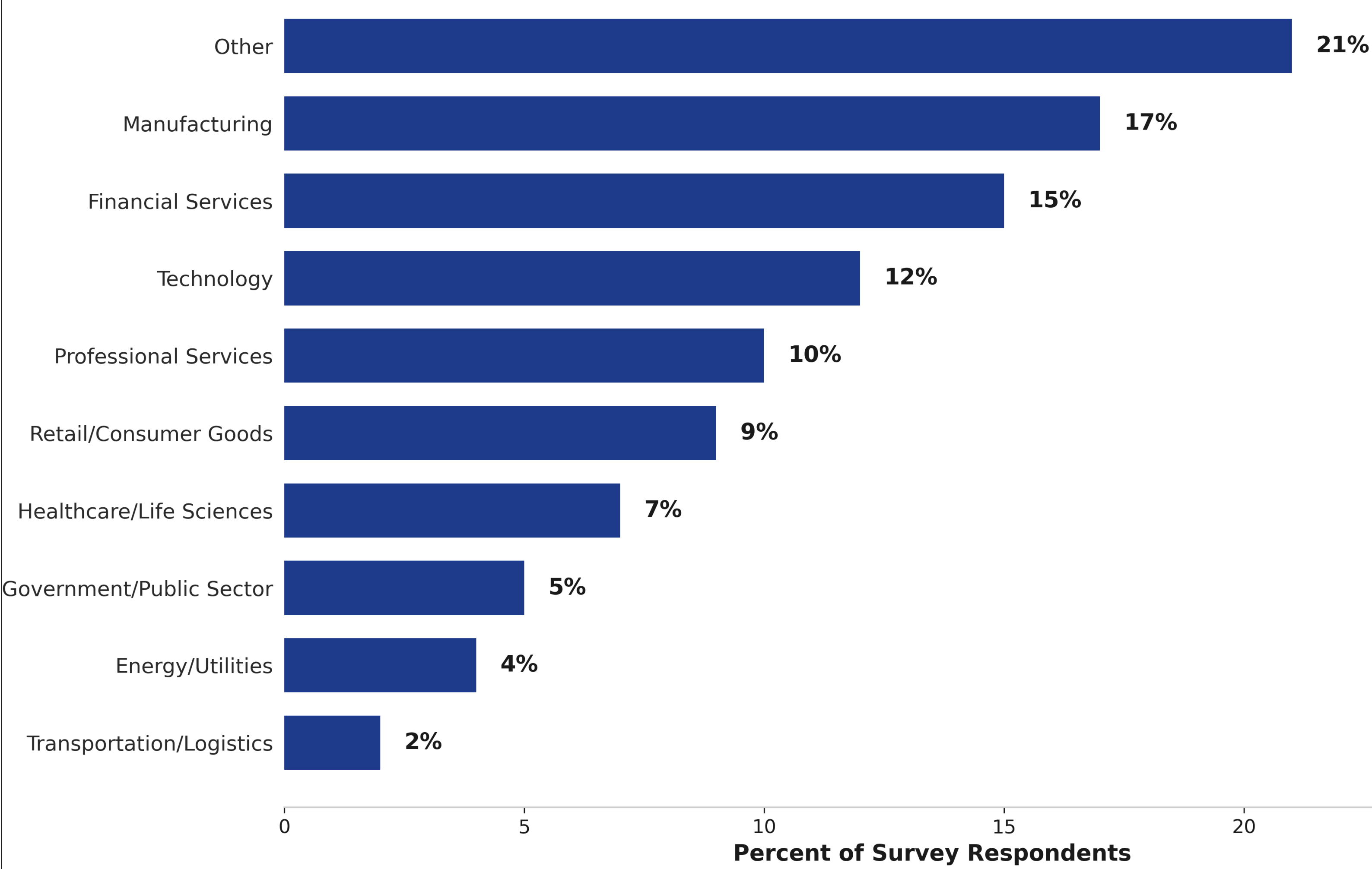


FIGURE 36: WHAT IS YOUR COMPANY'S PRIMARY INDUSTRY?

Multiple Choice, Select One - Responses



The Financial Education & Research Foundation (FERF) is the nonprofit 501(c)(3) research affiliate of Financial Executives International (FEI). FERF researchers identify key financial issues and develop impartial, timely research reports for FEI members and nonmembers alike, in a variety of publication formats. FERF relies primarily on voluntary tax-deductible contributions from corporations and individuals. FERF publications can be ordered online.
VIEW WEBSITE

Forvis Mazars, LLP is an independent member of Forvis Mazars Global, a leading global professional services network. Ranked among the largest public accounting firms in the United States, the firm's 7,000 dedicated team members provide an Unmatched Client Experience® through the delivery of assurance, tax, and consulting services for clients in all 50 states and internationally through the global network.
VIEW WEBSITE

Minnich + Associates
Executive Expert and Thought Leader

Minnich + Associates delivers tailored executive advisory and executive research, equipping leaders and organizations with actionable insights to refine strategies, strengthen governance, and drive informed decision-making. Our research expertise uncovers emerging trends, mitigates risks, and identifies opportunities, enabling sustainable growth and positioning your enterprise for long-term success and competitive advantage.

John Minnich, CGMA, CPA, conducts executive advisory and executive research through Minnich + Associates, delivering insights that inform strategic decision-making at the highest levels of leadership. His work explores emerging trends, strategic priorities, and best practices shaping the future of senior executives and enterprise strategy. Minnich's extensive professional experience includes roles as an assurance and advisory practitioner with multiple CPA firms, an IT systems consultant with a firm specializing in financial and business-management software solutions, and CFO in the C-suite.
VIEW WEBSITE

Financial Education & Research Foundation (FERF) gratefully acknowledges the following companies for their support and generosity that make research like this possible.

VANGUARD | $75,000

- Microsoft Corporation

PATRONS | $25,000

- Bank of America
- Exxon Mobil Corporation

BENEFACTORS | $15,000

- Accenture
- Cisco Systems, Inc.
- Comcast Corporation
- Eli Lilly and Company
- General Motors
- McDonald's Corporation
- Nike, Inc.
- PepsiCo, Inc.
- Proctor & Gamble Co.
- ServiceNow

CONTRIBUTORS | $5,000

- The Boeing Company
- Chevron Corporation
- Cigna
- Dell, Inc.
- Dow Chemical Company
- IBM Corporation
- Johnson & Johnson
- Pfizer Inc.
- Select Medical
- Walmart Inc.

BEST GIFT DONORS | BELOW $5,000

- Medtronic, Inc.
- PayPal
- RTX Corporation
- The Disney Company
- Tyler Technologies Inc.