



CFO AND CIO INDICATOR STUDY

Building a digital finance function to power nonprofit organizations.

A perfect storm for finance transformation in nonprofits.

Finance and IT leaders at nonprofit organizations know they are at an inflection point: the pandemic exposed the significant risks of their inflexible legacy systems.

And effective, proactive scenario planning and careful, adaptable financial stewardship remain critical to the double bottom line of financial and mission sustainability for nonprofits as change accelerates.

As a result, many nonprofit organizations are increasing their investment in digital transformation—aided by recent increases in unrestricted philanthropic support for operations and administration.

But to benefit from this shift, nonprofit finance leaders will have to work more closely than ever with IT. [Our latest global survey](#) of senior finance and IT leaders suggests that nonprofits face three challenges in their finance transformation efforts:

1. **A lack of alignment between finance and IT**
2. **A need for more actionable data and insights, as well as greater enterprise resource planning (ERP) flexibility**
3. **A lack of complementary skills within both IT and finance**

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The need to improve decision-making by enabling secure, timely access to reliable data is the biggest driver of technology modernization within organizations.”

Barbara Larson,
CFO, Workday

What does digital finance transformation look like for nonprofit organizations?

Digital finance transformation is a top priority for nonprofit organizations, with IT and finance leaders saying they have three goals:

To become more data driven.

Improving the quality of their data will help nonprofit organizations overcome regulatory and compliance concerns standing in the way of digital finance transformation. And as change speeds up, nonprofits will benefit from securing the data they need to make faster, more informed choices.

To supercharge skills.

Nonprofit organizations are looking to uplevel the skill sets within both IT and finance to include people who are more innovative, with greater financial literacy and expert knowledge in data analytics. Acquiring these skills—internally or from outside—is vital.

To align finance and IT.

CFOs at nonprofit organizations say they want to play a bigger role in driving digital transformation, and CIOs are eager to share the responsibility. Consistent collaboration will provide the foundation for a stronger, more balanced partnership.

Nonprofit organizations struggle in some areas.

Among finance and IT leaders at nonprofit organizations:

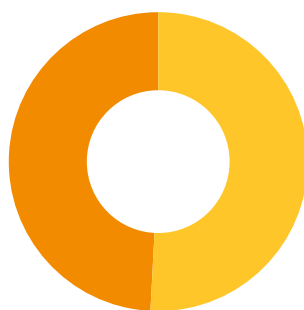
43%

have not yet developed a digital finance transformation strategy, but plan to do so within the next two years



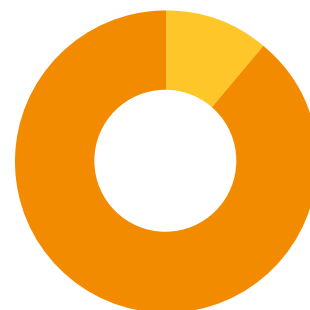
51%

are concerned that their ERP systems lack the flexibility to meet the business needs of today and the future



9%

say that their finance and IT teams are aligned



Where should nonprofit organizations begin?

Nonprofit organizations that want to accelerate their digital finance transformation should take the following steps:

1. Assess current and future finance needs.

CFOs and CIOs at nonprofit organizations should consider whether their current systems are up to the task, but they should also think about what they will need as things change. For example, will their systems enable teams to plan and model scenarios, quickly gain insights on program spend, or easily run reliable audits?

2. Identify and develop skills needed for the digital future.

When skills shortages are acute, closing the gaps from within makes sense. Finance and IT leaders can do this by implementing programs to upskill their teams with greater financial and technical literacy, and creating new career paths for these leaders that promote collaboration and a shared language.

3. Build a data view to power transformation.

Adhering to data best practices will help unlock digital transformation. To reach their transformation goals, finance and IT leaders need a view of financial, HR, and operational data that is unified and available through a single system. And they need to be confident in the accuracy of that data—even during periods of rapid change.



In Workday, everything is integrated, and we see things in real time. We've created dashboards, and thereporting has been so crucial. And we enhance it all the time. Having everything in one place has been transformational."

Caroline Croen,
Chief Financial Officer, WNET



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About the research.

The data in this report comes from a global survey commissioned by Workday and conducted by FT Longitude in March and April 2022. The survey of 1,060 senior finance and IT leaders (C-suite or their direct reports) sought to understand the state of digital finance transformation in today's organizations and how it is impacting the relationship between finance and IT. There were 100 respondents from nonprofit organizations.

Learn more: workday.com/nonprofit



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