

Techstrong | Research

PulseMeter

Sponsored by



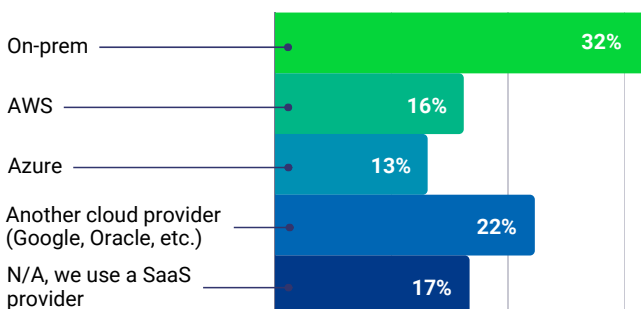
Finance and accounting (F&A) systems are critical for every organization's operations, enabling accurate and timely financial reporting, forecasting, budgeting and overall business decision-making. Traditionally, these systems were managed on-premises, safeguarding sensitive financial information within corporate boundaries. However, evolving F&A system capabilities and increasing business complexities necessitate transitioning toward more flexible, scalable and cost-effective solutions. Despite the rising trend of cloud-based application modernization, historically, migrating F&A data to the cloud has faced resistance, primarily driven by concerns over data security, potential loss of control and regulatory compliance issues.

In recent years, advancements in cloud technology and the maturation of software-as-a-service (SaaS) offerings have largely addressed these concerns, providing stronger security measures, enhanced control mechanisms and tailored solutions that ensure compliance with various regional and industry regulations. Migration of F&A systems to the cloud unlocks several benefits, such as reduced operational costs, increased efficiency, real-time data access and seamless integration with other business systems. Modernizing F&A systems allows organizations to focus on their core business functions, driving strategic value rather than spending considerable resources on maintaining and updating in-house systems.

In mid-2023, Techstrong Research polled our community of DevOps, cloud native, cybersecurity and digital transformation readers and viewers to take their pulse on modernizing F&A systems. Over a third (38%) of respondents still platform on-premises, and over half plan to move their finance systems to the cloud within the next two years. Most respondents are confident in their current finance and accounting systems' data security (70%) and disaster recovery capabilities (65%), but given the criticality of F&A data, that number needs to keep growing.

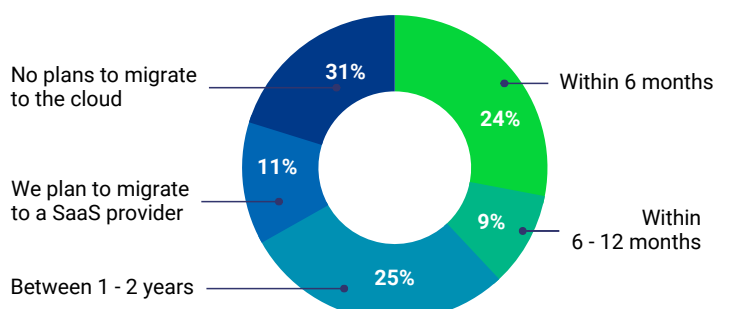
Where is your finance and accounting system platformed?

In terms of aggregate numbers, more organizations have started hosting finance and accounting systems on the cloud (52%), but the leading platform remains on-premises (32%).



Are you planning to migrate your finance and accounting system to the cloud?

Within the organization's platforming finance systems on-premises, over half (58%) have a plan to migrate to the cloud in the next two years, with another 11% planning to use a SaaS provider.

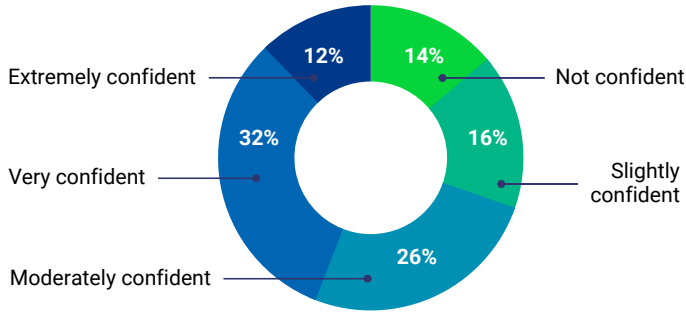


How confident are you in the data security and privacy measures in place for your finance and accounting systems?

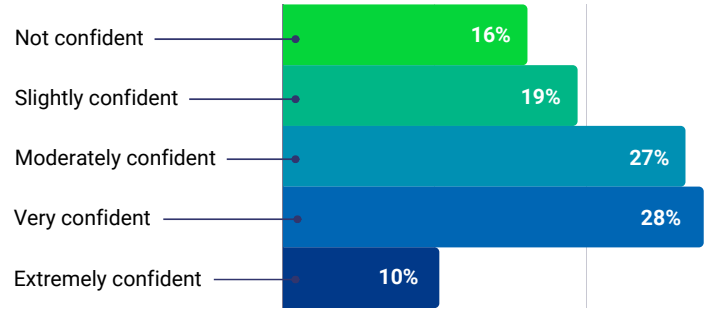
While some respondents noted a lack of confidence in data security (30%), a majority trust their finance system's ability to maintain security and privacy (70%).

Looking at the SMB cohort, they are less confident overall, which provides a drag on the pace of F&A modernization.

All responders

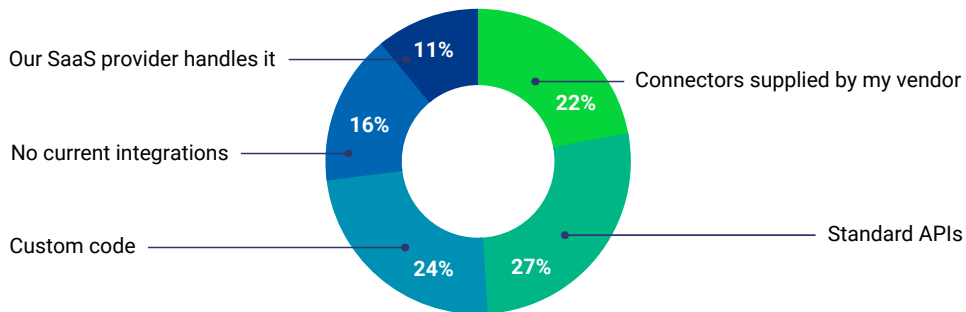


SMB (<1000 employees)



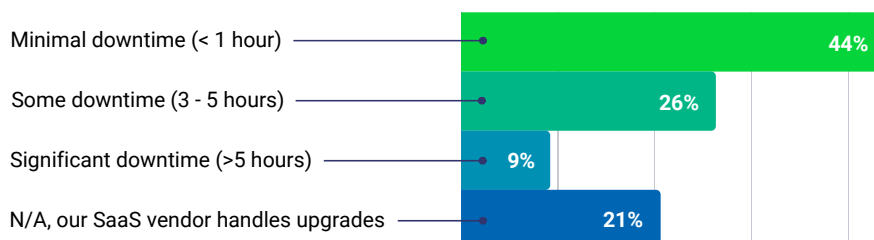
How do you integrate your finance and accounting systems with other enterprise applications?

A majority of respondents integrate finance and accounting systems with other enterprise applications using standard APIs (27%), custom code (24%) and connectors supplied by vendors (22%). These integrations are critical to modernization success, including F&A systems in key business processes.



Do system upgrades and maintenance activities for your finance and accounting systems cause monthly downtime?

A full 44% of respondents have minimal downtime from upgrades and maintenance activities. Yet over a third of respondents (35%) said it causes three or more hours of downtime. This schism indicates that operational excellence is not a foregone conclusion.

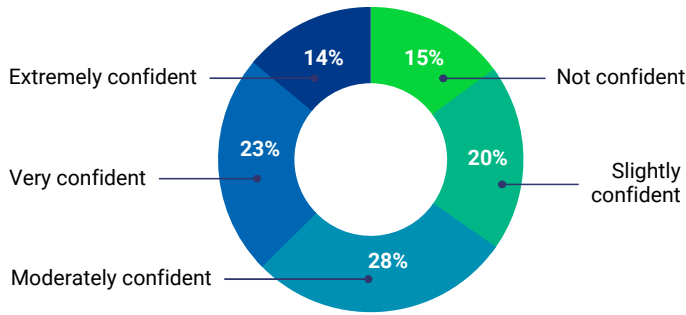


How confident are you in your disaster recovery and business continuity plans for your finance and accounting systems?

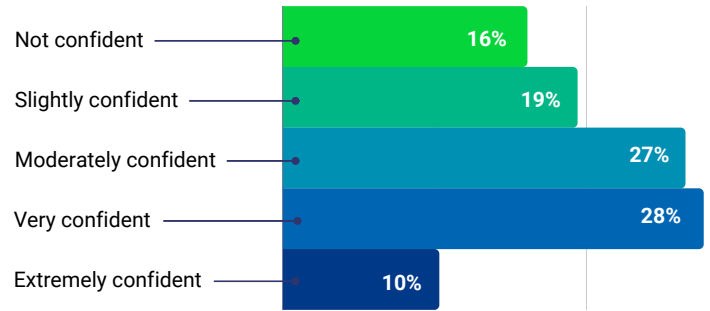
Similar to data security and privacy, some respondents noted a lack of confidence in disaster recovery (35%) capabilities. But a majority trust their finance systems to recover after disasters (65%).

Likewise, from a confidence standpoint, SMB organizations are less confident in their ability to keep F&A systems available and operational.

All responders



SMB (<1000 employees)



Techstrong Research Analyst View

The march to the cloud continues, even for mission-critical systems holding sensitive financial and customer data, like finance and accounting systems. That being said, based on the results of the Techstrong Research poll, organizations still want to maintain some semblance of control over their F&A systems, which accounts for the move to the cloud, but do not necessarily want to embrace a complete SaaS system.

When undertaking an F&A modernization, organizations need to plan for the central role the F&A systems play within most (if not all) business processes. Critical success factors for F&A modernization include painstakingly planning the migration to ensure minimal business disruption and integrating with other critical enterprise applications to ensure streamlined operations. Whether leveraging standard APIs, vendor connectors or custom code, data must get to/from the new F&A system seamlessly so that decision-makers can gain the meaningful insights necessary to propel business growth.

Given the sensitive nature of F&A data, security and resilience become significant concerns when contemplating a migration. Organizations should challenge potential F&A system vendors regarding their security programs and data protection capabilities. Likewise, it's critical to understand any new system's maintenance and other downtime realities since 44% of respondents currently suffer minimal downtime. Cloud-based and SaaS systems should alleviate some of these concerns, but diligence is always recommended.

The bottom line is that organizations will be migrating their F&A systems to cloud- and SaaS-based solutions. It's not a matter of if; it's when. So spending time preparing for integration with other enterprise applications and performing diligence on the vendor's data protection and operational practices will save you a lot of time and heartburn.