The Airbase Annual Benchmark Survey of Finance Professionals.

A report on findings, insights, and 2021 projections.

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About Airbase.

Airbase is a spend management platform that combines a software-backed corporate card program and full bill payments into one system.

Companies turn to Airbase for visibility and control over all non-payroll spend, and to automate accounting and operations for a faster time-to-close.

Customizable approval workflows apply consistency to all purchases using cards, checks, and ACH.

Our accounting automation makes invoice handling and syncing all transactions to the GL easy. With Airbase, budget owners throughout the company can see their team's total spending at any time.

About this report.

At Airbase, it's our mission to help make finance and accounting teams more effective, more efficient, and, ultimately, more valuable to their companies. Understanding the environment and trends that affect these teams, therefore, is paramount for us as a company.

To that end, we collected data from small and midsize businesses (50 to 1,000 employees) in a broad survey. This report summarizes the data and offers insights from our findings. We believe that it has value for finance teams to benchmark their practices and plans against their peers, and we are pleased to share it.

About Path to Becoming a CFO.

Airbase Founder and CEO Thejo Kote hosts a regular speaker series of top CFOs, board members, and recruiters who have contributed to the success of today's storied companies.

We've included some relevant quotes from those sessions in this report and invite you to read more in our ebook, The 21st Century CFO.

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Executive summary.

In spite of the proliferation of accounting automation tools, the data show finance professionals continue to rely on repetitive manual tasks to successfully do their jobs.

Indeed, 38% of our respondents' teams spend more than a quarter of their time on manual tasks, and 11% report that more than half of their team's time is consumed by them. Given the professional qualifications and generally high level of education among accounting and finance teams, freeing the time of these professionals from low-value work can have a significant impact on company productivity. It is not surprising, then, that our respondents' number one priority for 2021 is to "improve or change finance operations by adding new systems or processes."

Simultaneously, those surveyed also reported high degrees of satisfaction with the software tools that they currently use. This suggests that there is not necessarily opposition to new technologies; rather, the long transition toward automation will continue as new, better tools replace remaining manual processes and accounting work.

In this report you'll find:

- Business benchmarks for small and midsize, predominantly venture-backed, companies and their finance and accounting teams.
- Forward-looking data derived from responses regarding 2021.
- A review of the various accounting tools used and where manual work requirements persist.

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Methodology.

The data contained in this report come from 745 respondents. Their answers were collected in November and December 2020 with the help of a market research firm that screened for the following:

- All of the respondents work in a finance or accounting capacity.
- All are employed at the manager level or above.
- All work in the U.S.
- All work for companies with between 50 and 1,000 total employees.

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With the new tools coming out now, things can be automated more efficiently. And this frees up time for more analysis, more of the fun stuff, moving forward. — Bill Losch, CFO, Okta

okta

Benchmarks.

We've put together the following benchmarks from our collected data. The survey inquired about certain parameters, such as team headcount, to establish relevant cohorts against which others can benchmark.

For the purposes of this report, and ease of articulation, we label companies with

50–100 employees as *low headcount*, those with 101–500 employees as *mid headcount*, and those with 501–1,000 as *high headcount*. Nearly half of our sample worked for *mid headcount* companies.

We also segmented out respondents by their company's range of annual revenue.

Company headcount.

Annual revenue.

Finance/accounting team headcount.
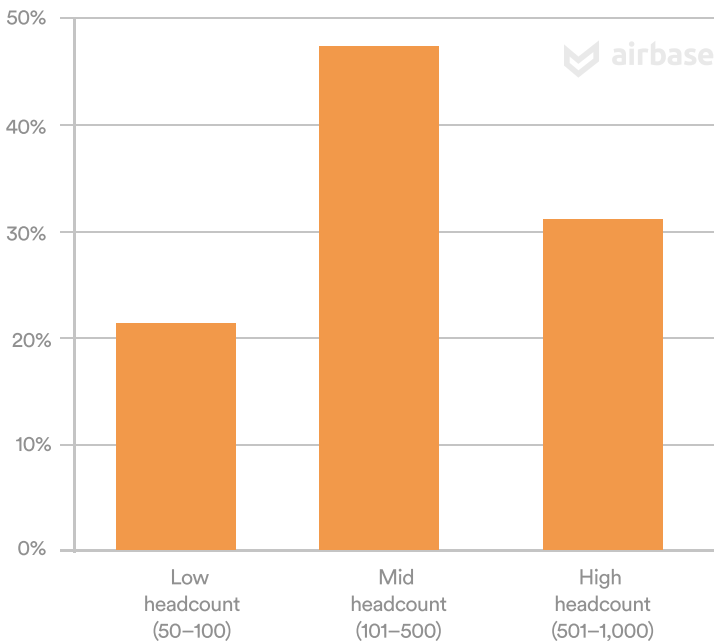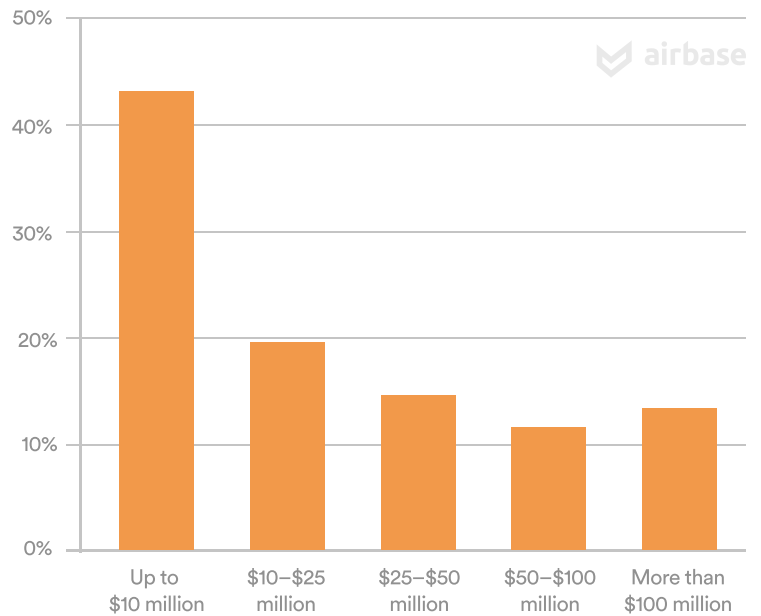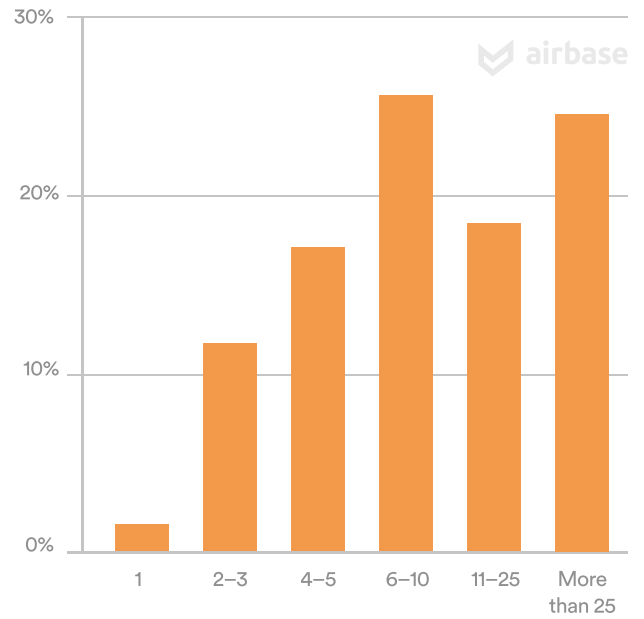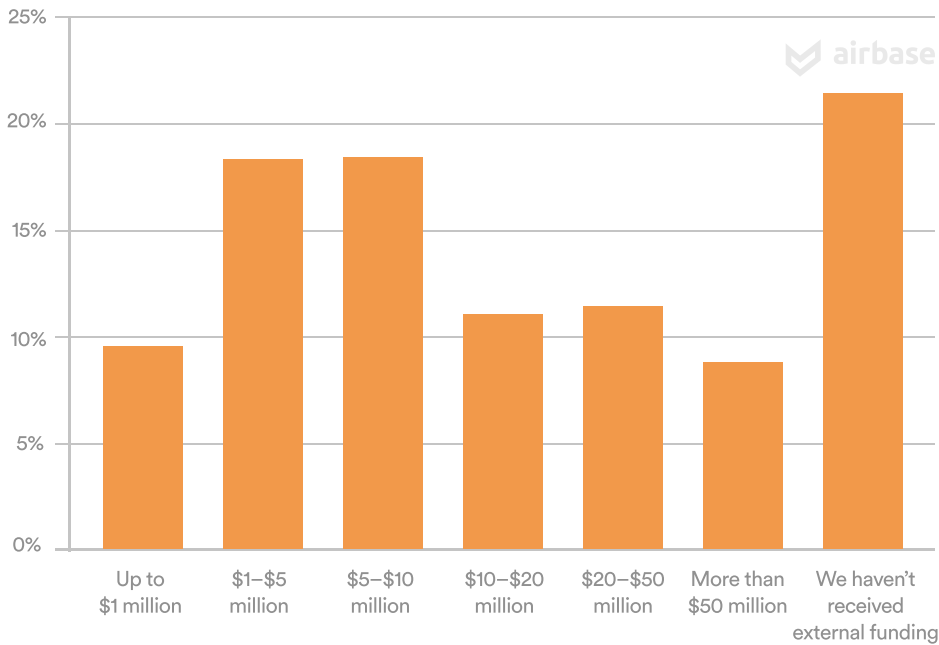
Because we assumed that the size of accounting and finance teams would influence some responses to questions in our survey, we benchmarked against headcount.


External funding.

Interested to see the effects of VC on finance teams, we also looked at the amount of external funding raised.

Company headcount had a strong correlation to the relative size of finance and accounting teams within an organization; ignoring outliers, the smallest finance teams tend to be around 3% of company size for *low headcount* firms, 2% for *mid headcount* firms, and 1% for *high headcount* firms.

The divide between *low headcount* companies and their counterparts widens when looking at the roles that firms have filled. We found that three in four *low headcount* companies (77%) are without CFOs, compared to about half of *mid* and *high headcount* companies. We also found that the CFO gender divide exists across all company sizes, with male CFOs about three times as common as female CFOs (68% of respondents reporting a male CFO and 23% reporting a female CFO).

Finance/accounting roles.
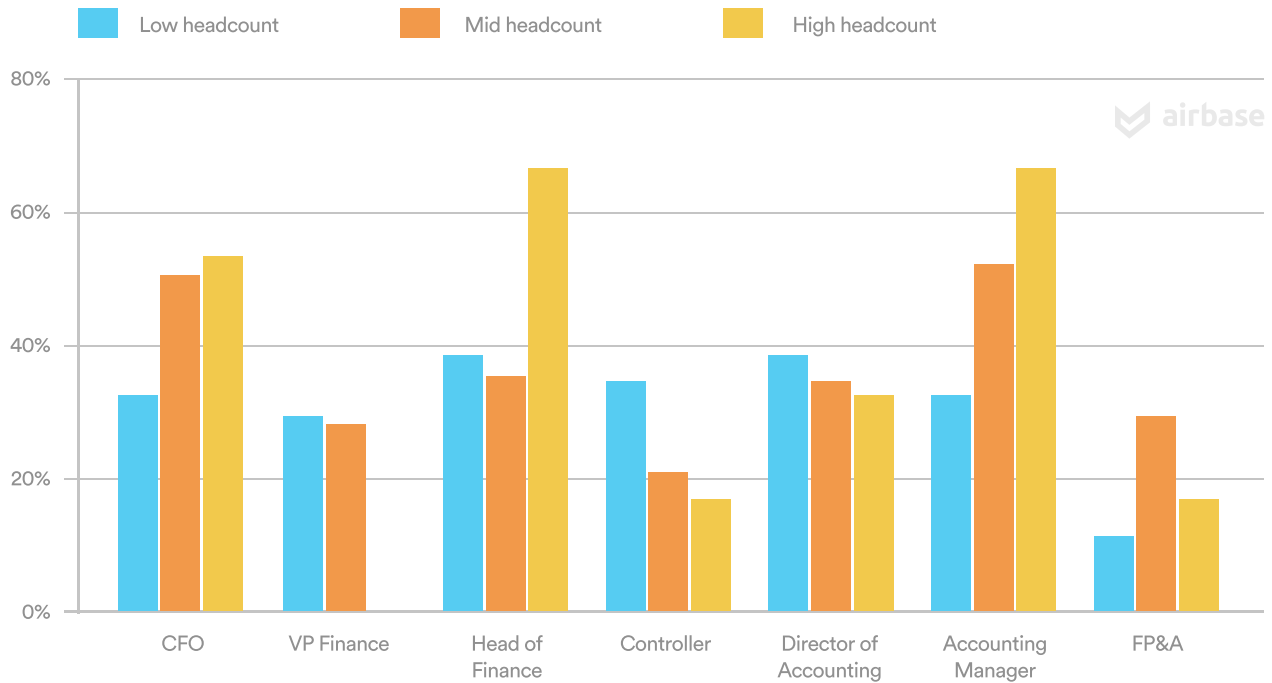
Almost three-quarters (71%) of those surveyed indicated that their companies have an internal FP&A team, with an additional 8% indicating future intention to have one. Only half of *low headcount* companies have an FP&A team.
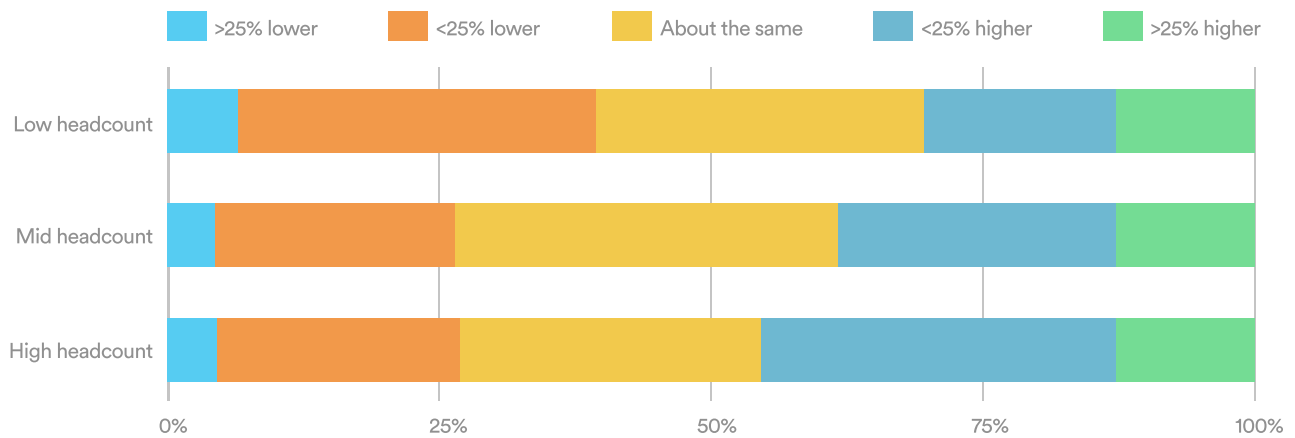
Revenue.

Many report that 2020 revenue exceeded expectations, while a minority, generally smaller companies, report falling short.

One of the most encouraging discoveries from this research is just how well companies met the adversity of 2020. About three in four (71%) reported that they expect to meet or exceed their revenue targets for the year.

The data show that this trend appears fairly consistently across all company sizes, with reports of those that managed to meet their 2020 goals ranging between 28% and 36%.

Not all fared well, though, with roughly two in five respondents from *low headcount* companies reporting lower-than-expected revenue for 2020, compared to about only a quarter of respondents from *mid* and *high headcount* companies.

2020 actual revenue compared to expected revenue.

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Legend: ■ >25% lower ■ <25% lower ■ About the same ■ <25% higher ■ >25% higher

Categories: Low headcount, Mid headcount, High headcount. X-axis: 0% 25% 50% 75% 100%

Headcount.

Strong performance has fostered plans for growth in 2021.

Our data show that anticipated revenue growth runs parallel to increases in hiring, with about half (54%) of respondents indicating that their companies plan to increase headcount in 2021.

Roughly two in three (68%) respondents from companies that exceeded their revenue targets intend to increase headcount, suggesting that they expect the momentum to continue into 2021. Of the minority (29%) that reported lower than expected revenue for 2020, about a quarter (26%) expect to reduce headcount.

Planned headcount increases for finance and accounting teams also tracked alongside revenue performance, with roughly three in four respondents from companies that beat their revenue targets expecting to increase finance team headcount in 2021.
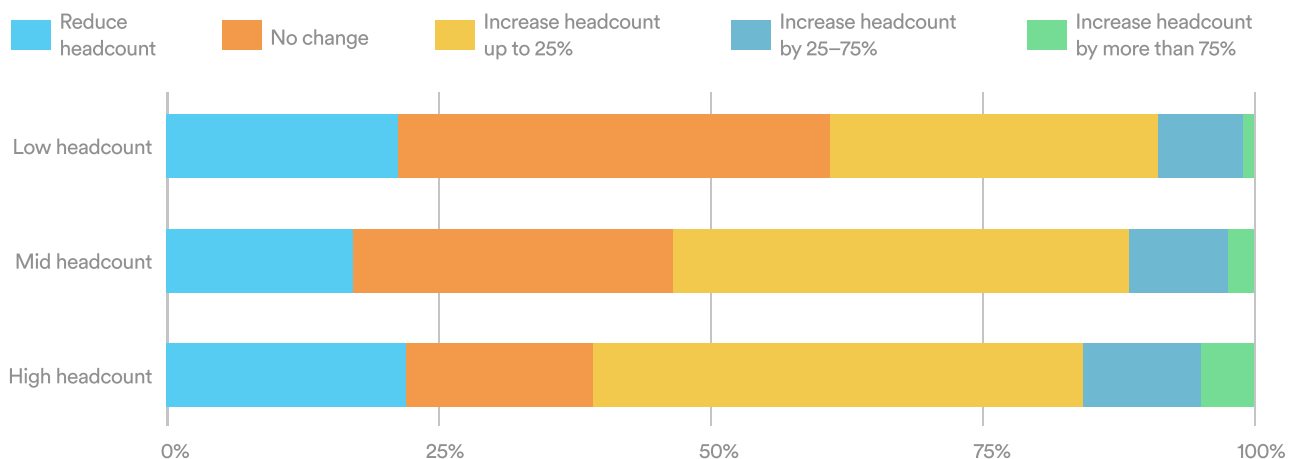
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Small and midsize companies need well-designed tools built for their infrastructure and their needs. The capacity of finance teams can then expand while freeing these critical resources for higher value work. — Thejo Kote, Founder & CEO, Airbase

It's worth noting, however, that roughly one quarter (27%) of companies increasing overall headcount do not plan to increase the size of their finance and accounting teams, suggesting a certain amount of built-in scalability for existing teams. Fittingly, of those finance teams that are adding to their rosters, teams from *high headcount* companies plan to hire markedly more in 2021 than teams from *low headcount* companies.

2021 anticipated change in headcount.

Legend: Reduce headcount | No change | Increase headcount up to 25% | Increase headcount by 25–75% | Increase headcount by more than 75%

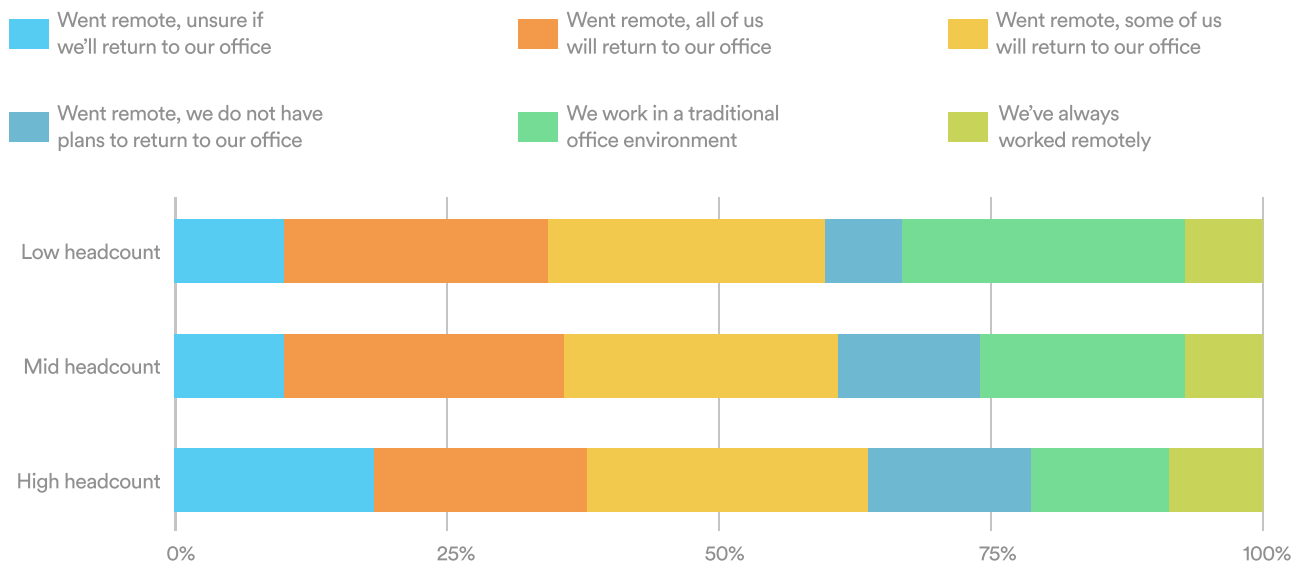Categories: Low headcount, Mid headcount, High headcount (axis 0% to 100%)

Remote working.

Finance teams report adapting well to working remotely and expect it to continue.

The rapid shift to remote working seems to have become an acceptable new normal, with only about one quarter (24%) expecting to fully return to a traditional office after the stay-at-home restrictions are lifted, and only 7% reporting that their teams "have not adapted well to a remote work environment."

This trend is comparable across all company size categories, although *low headcount* companies are currently more than twice as likely as *high headcount* companies to work in a traditional office. It should also be noted that only 6% of companies supported remote work teams pre-pandemic, whereas more than half (51%) expect to support remote work in some capacity going forward.

Current workplace arrangements.

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- **Went remote, unsure if we'll return to our office**
- **Went remote, all of us will return to our office**
- **Went remote, some of us will return to our office**
- **Went remote, we do not have plans to return to our office**
- **We work in a traditional office environment**
- **We've always worked remotely**

| | Low headcount | Mid headcount | High headcount |

Concurrent with the rise of remote work, companies are already considering adjusting salaries should employees move to an area with a different cost of living.

Almost two in three respondents' companies (62%) intend to adjust salaries based on location, roughly three in four (77%) *high headcount* companies.

2021 priorities.

Improving operations is paramount for respondents, whether that be through new tech or new processes.

Those surveyed were asked to select their top priorities going into 2021. The most common response was "to improve or change finance operations by adding new systems or processes." Notably, though, *mid headcount* companies were twice as likely as *high headcount* companies to answer this way.

Getting control of budgets ranked as a close second priority.

Also worth noting, in a demonstration of forward-looking strategy from one of our cohorts, *high headcount* companies report prioritizing a move to a continuous close.

2021 priorities by headcount size.

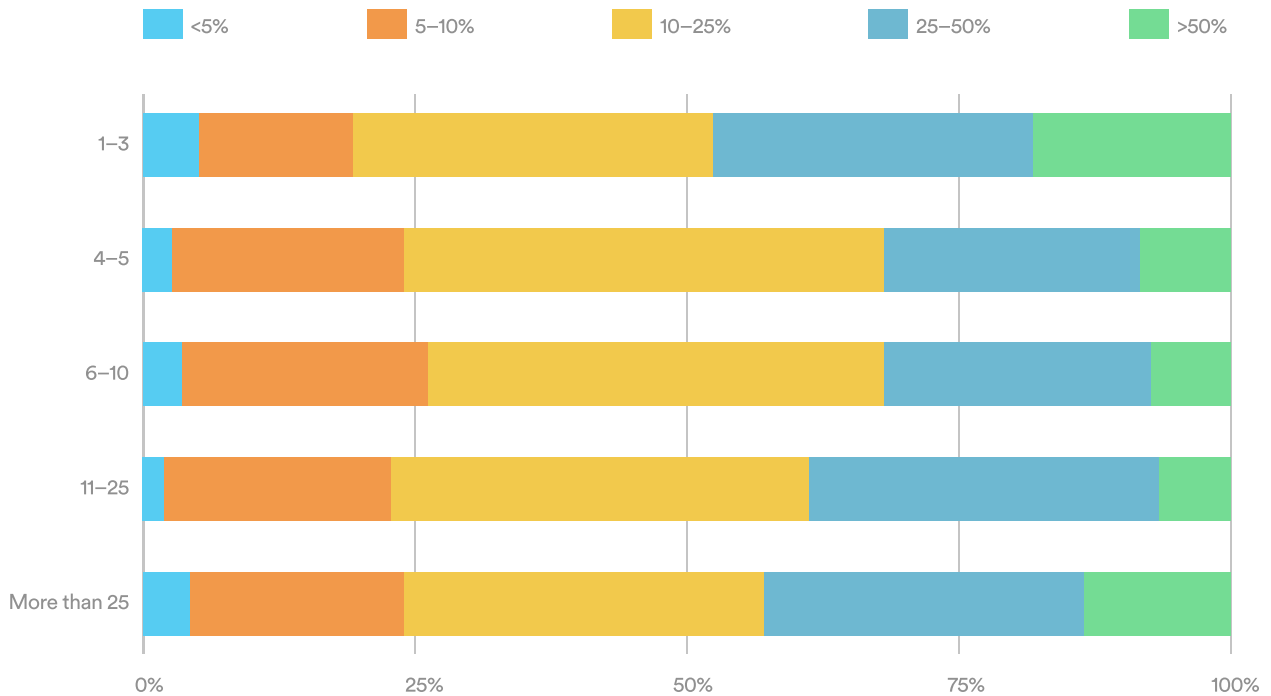■ Low headcount   ■ Mid headcount   ■ High headcount
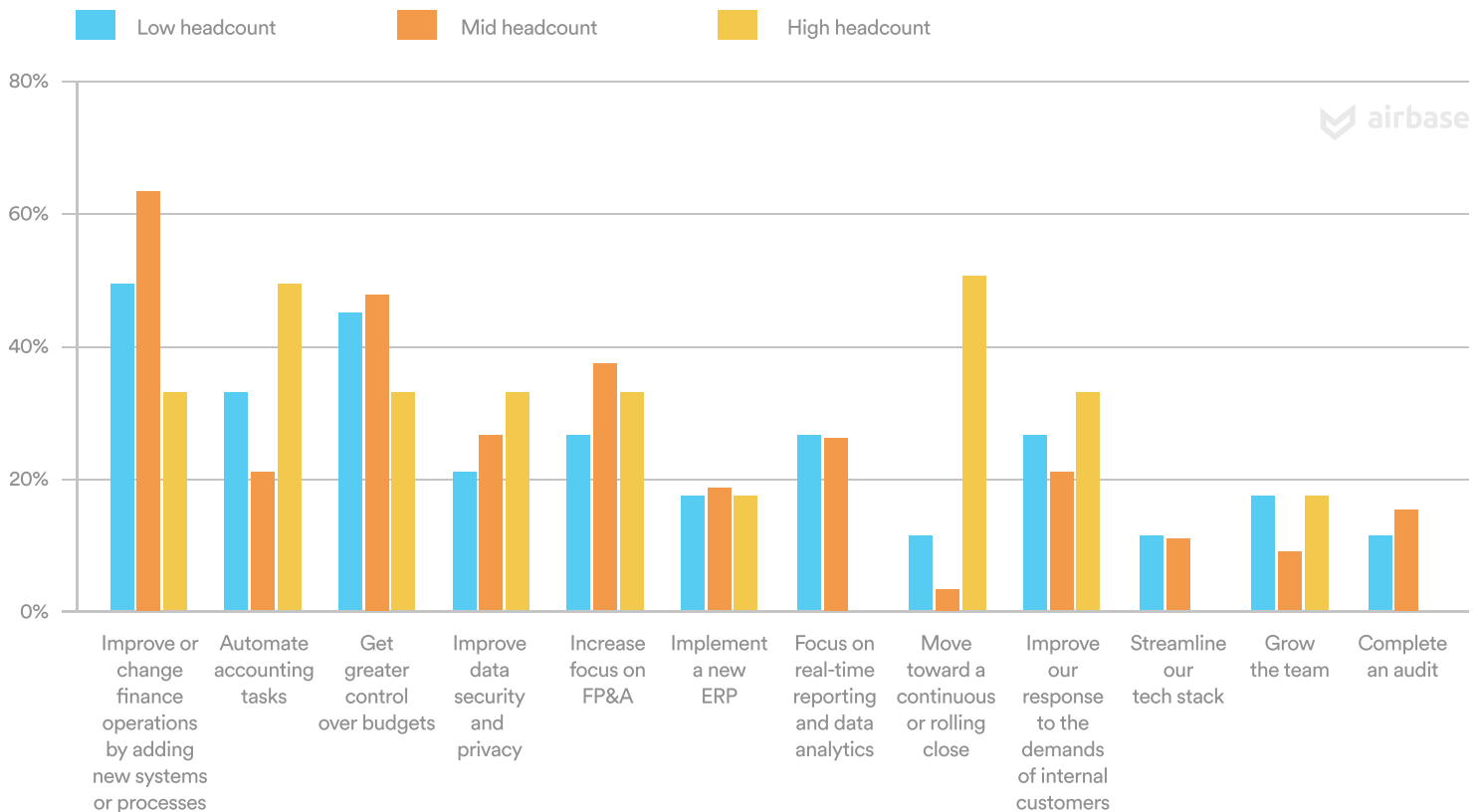
Manual tasks.

Manual tasks persist regardless of the size of the accounting team.

The data show that manual tasks are common across all teams. Only a very small minority (3%) reported that the amount of time spent on manual tasks was less than 5% of their team's total time. And larger finance and accounting teams reported the highest time spent on manual tasks: Nearly half (44%) of respondents from finance and accounting teams of 25 or more say that they spend a quarter or more of their time on manual tasks.
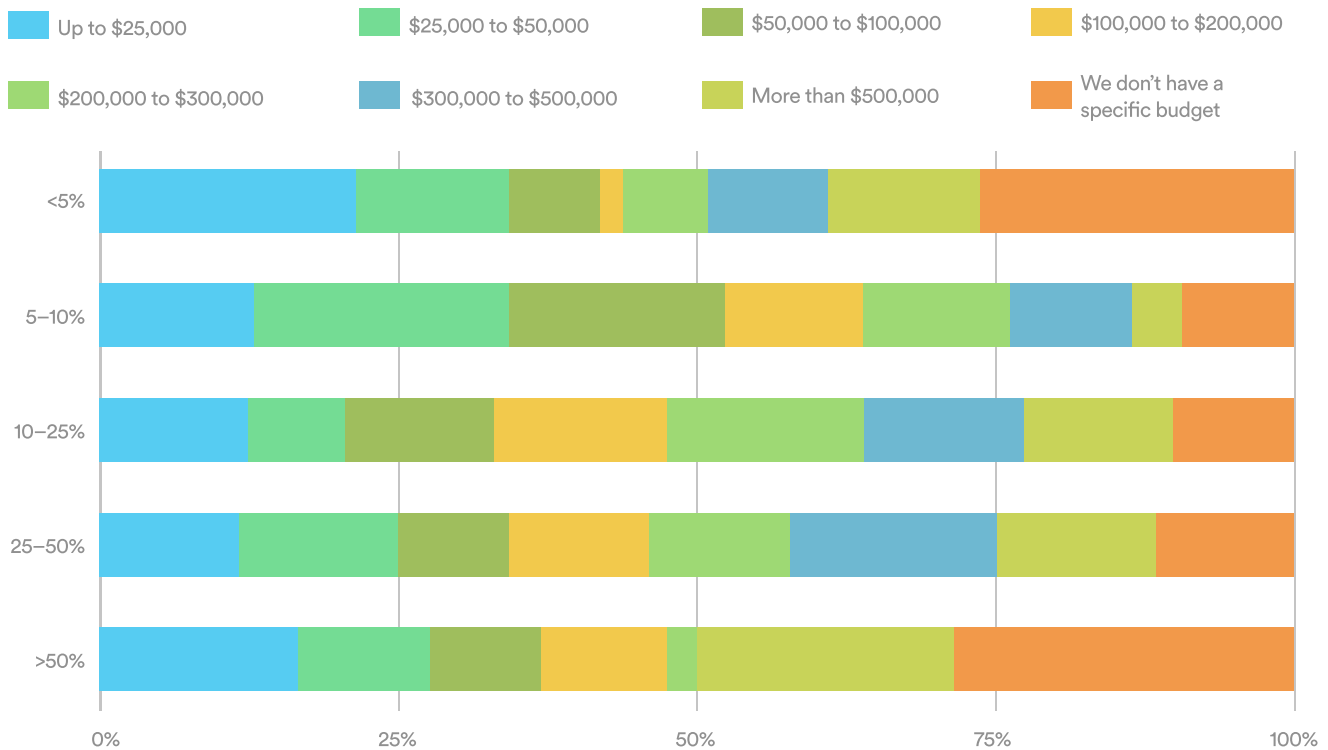
Time spent on manual tasks for each finance/accounting team size.

Legend: <5%, 5–10%, 10–25%, 25–50%, >50%

Horizontal stacked bar chart by team size: 1–3, 4–5, 6–10, 11–25, More than 25. X-axis: 0%, 25%, 50%, 75%, 100%.

In general, teams with lower software budgets reported spending less time on manual tasks, whereas those with larger budgets spend more of their time on manual tasks. This contradictory information may be because many of the software tools that companies invest in fail to fully address the needs of accounting and finance teams. Modern software solutions are increasingly focused on automating and, in some cases, eliminating the need for the operational processes where high levels of manual tasks are reported.

Time spent on manual tasks by finance/accounting team budget.

Legend:
- Up to $25,000
- $25,000 to $50,000
- $50,000 to $100,000
- $100,000 to $200,000
- $200,000 to $300,000
- $300,000 to $500,000
- More than $500,000
- We don't have a specific budget

Categories: <5%, 5–10%, 10–25%, 25–50%, >50%

A closer look at these manual tasks reveals that they're evenly spread over a variety of operational areas, from document chasing to error fixing, to handling credit card statements. Bank reconciliations, though, were most frequently reported as being done manually, according to roughly two in three respondents.

The second most highly reported manual task was "documentation gathering to create audit trails." Only the most modern finance automation tools include the automatic creation of full audit trails, so it is not surprising to see it on the list.

Tasks performed manually.

Legend: Low headcount (blue), Mid headcount (orange), High headcount (yellow)
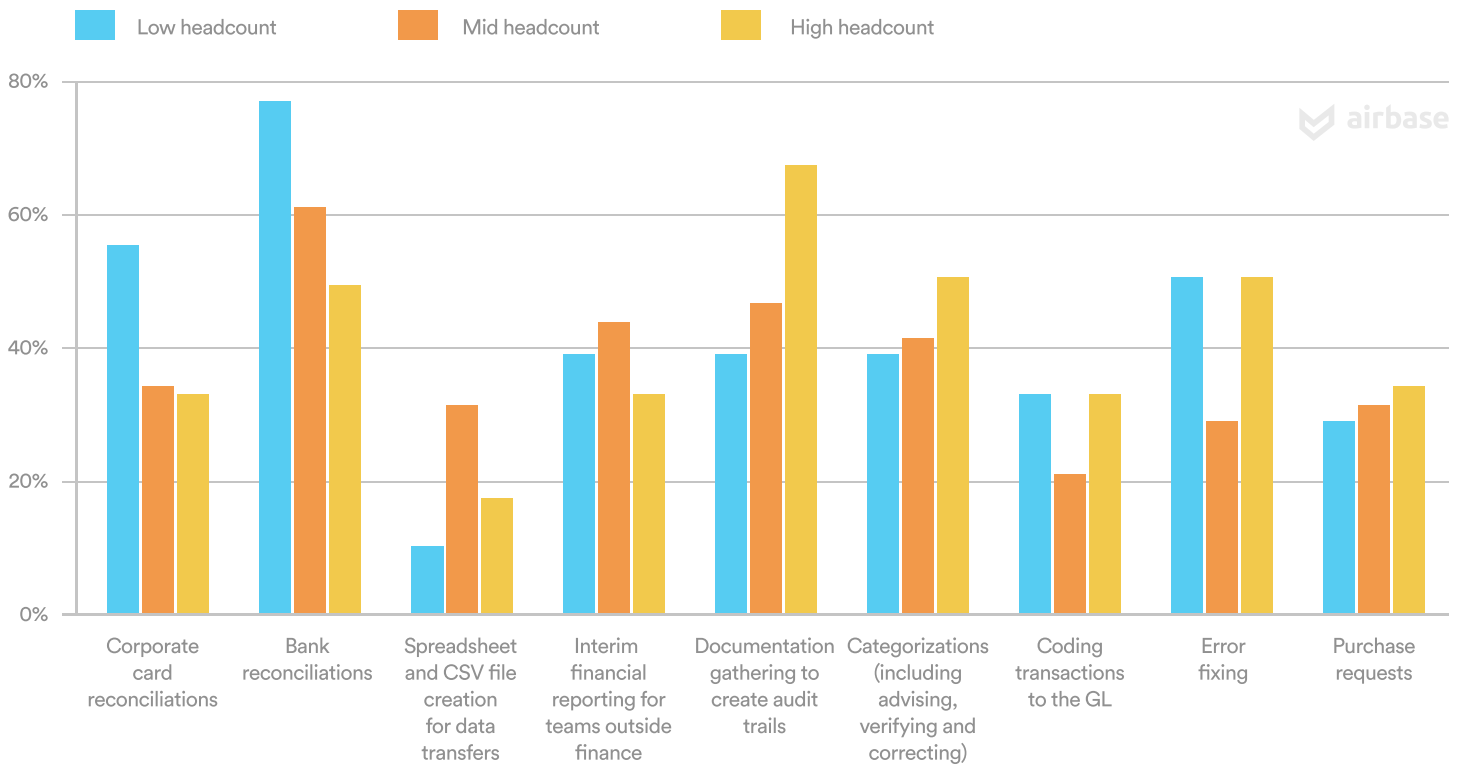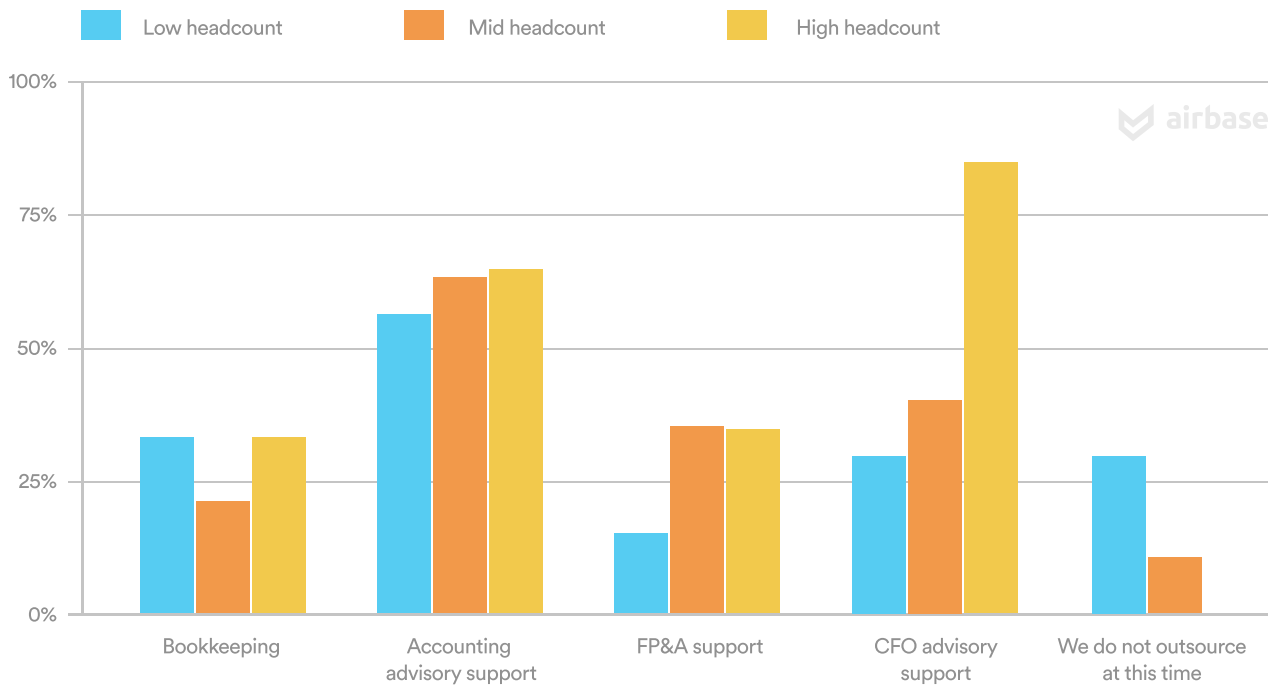
Outsourcing.

All high headcount *companies outsource some of their accounting and finance work, and most companies report doing bookkeeping internally.*

Small and midsize businesses tend to outsource some of their finance and accounting functions, so we asked respondents to indicate where they did so. The choices we gave ranged from bookkeeping to CFO support.

Accounting advisory topped the list, with roughly half of respondents indicating that they outsource for it, and only about a quarter of respondents reported using outsourced bookkeeping.

Outsourced tasks.

Legend: Low headcount | Mid headcount | High headcount

Chart categories: Bookkeeping | Accounting advisory support | FP&A support | CFO advisory support | We do not outsource at this time

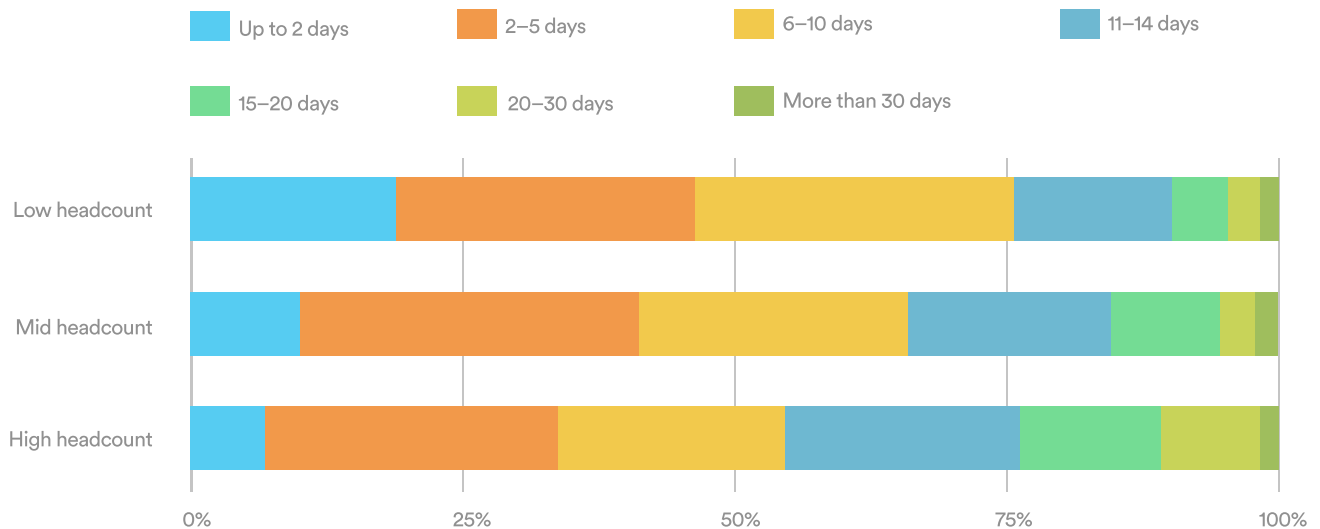Y-axis: 0% to 100% (25%, 50%, 75%, 100%)

Time-to-close.

One in five finance and accounting teams spend most of the month closing the books.

Month-end and year-end closes are impacted by the high levels of manual work. We found that 61% of respondents spend more than a week on their month-end close, and 18% spend more than two weeks, with responses ranging from two days to more than 30 days.

It's reasonable to surmise that further automation of manual tasks, especially when automation is integrated directly to the GL so that it doesn't create extra work to close the books, can help to shorten these timeframes.

Month-end close.

Legend: Up to 2 days · 2–5 days · 6–10 days · 11–14 days · 15–20 days · 20–30 days · More than 30 days

Categories: Low headcount, Mid headcount, High headcount

Financial tech stack.

Finance professionals recommend many of the tools in their fintech stacks.

We asked respondents to identify applications in their teams' tech stacks from a list that we provided. While a majority rely on accounting software for their GL, a minority of respondents report using expense management, bill payment, or spend management software.

In general, *low headcount* companies reported much higher use of newer software solutions, while *high headcount* companies were more likely to use legacy tech, suggesting that these smaller companies are more agile in adopting tools to meet their needs.

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Modern CFOs take on broader operational roles than their predecessors: project management, systems implementation, M&A, data analytics, IT. — Robin Washington, Board Member, Alphabet, Honeywell, Salesforce
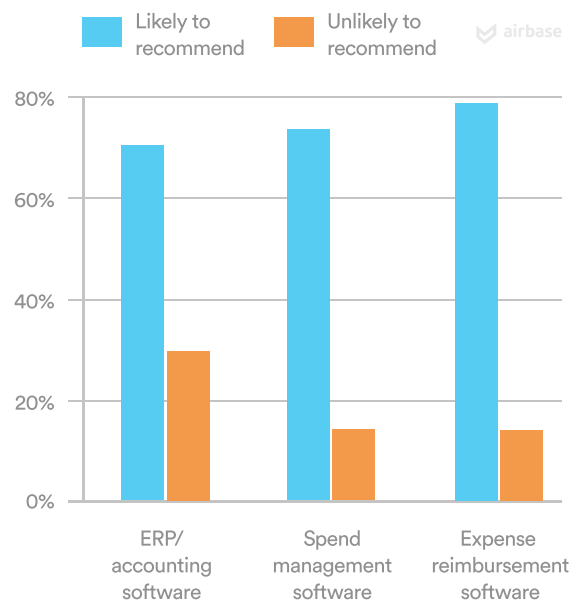
Alphabet   **Honeywell**   salesforce

Those surveyed reported generally high levels of satisfaction with the technology that they rely on, with 71% recommending their ERP or accounting software, 74% recommending their spend management software, and 79% recommending their expense reimbursement software.

Software recommendations.

Likely to recommend   Unlikely to recommend   airbase

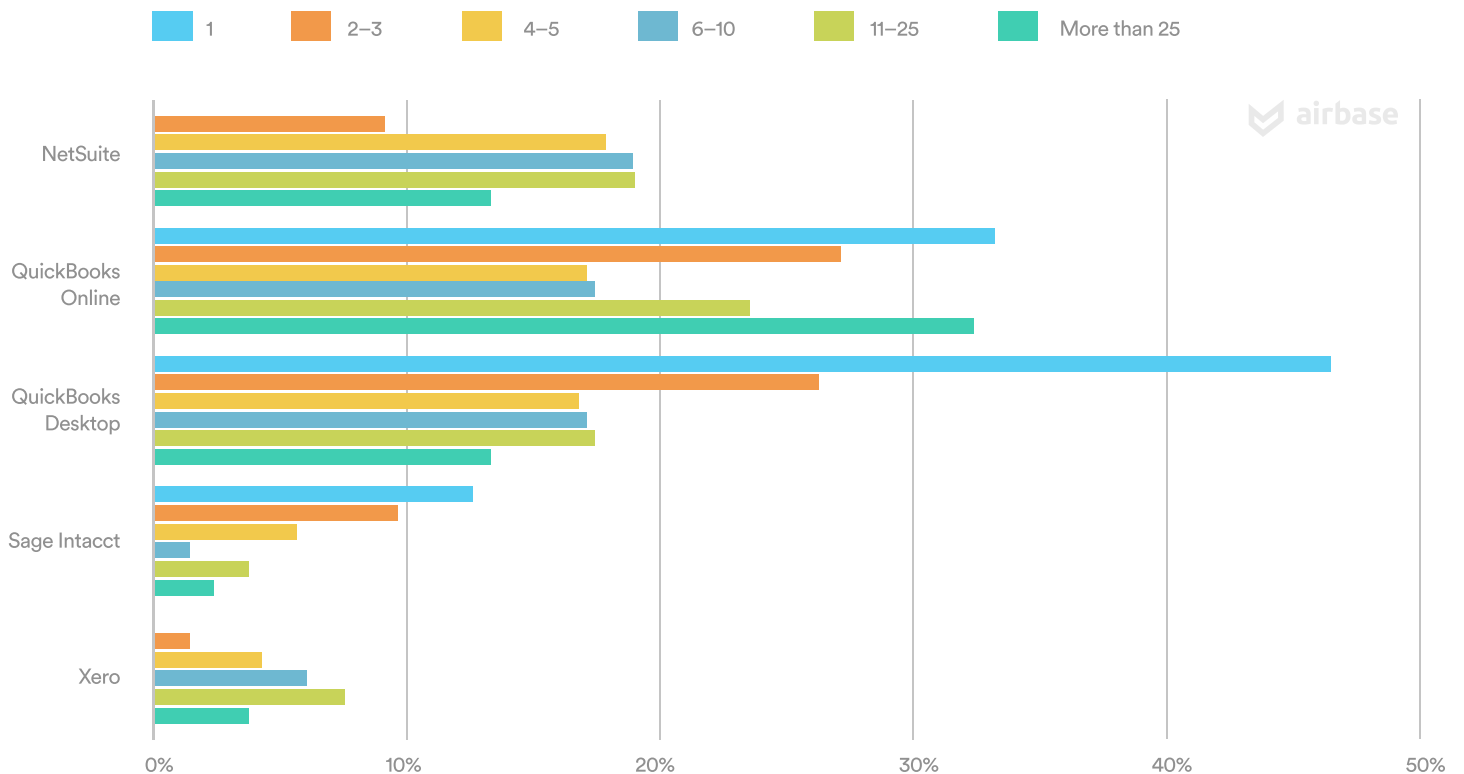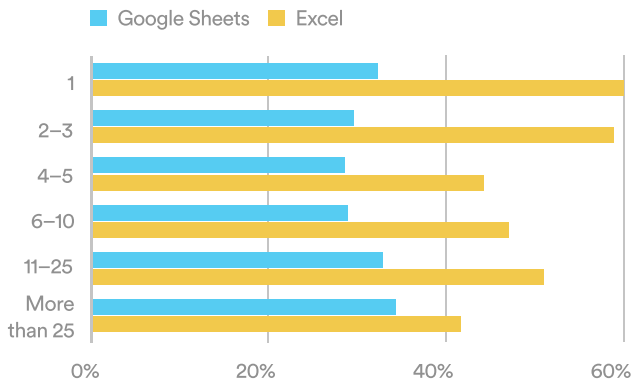| Category	Likely to recommend	Unlikely to recommend
ERP/accounting software	~71%	~30%
Spend management software	~74%	~14%
Expense reimbursement software	~79%	~14%

We also asked respondents to identify their corporate card programs and were not surprised to see AMEX as the top pick at 27%. There was a marked difference in responses from *low headcount* companies, which were about twice as likely to indicate dissatisfaction with their corporate card programs compared to those from *mid* and *high headcount* companies.

Dominance of the main accounting software companies (Oracle NetSuite, QuickBooks, Xero, Sage Intacct) was reflected in our pool, with roughly four in five respondents using one of these as their General Ledger. You can see the reporting in the table below.

ERP and GL software by finance/accounting team size.

Legend: 1 | 2–3 | 4–5 | 6–10 | 11–25 | More than 25

Spreadsheet software by finance/accounting team size.

Legend: ■ Google Sheets ■ Excel

Categories (top to bottom): 1, 2–3, 4–5, 6–10, 11–25, More than 25
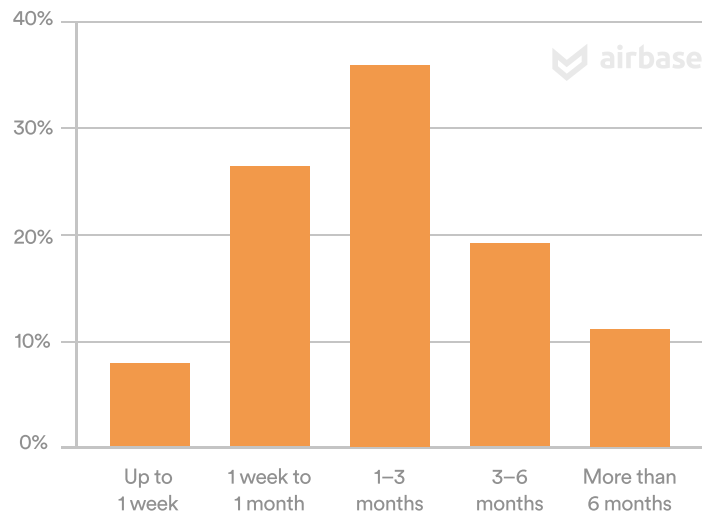
X-axis: 0%, 20%, 40%, 60%

A large number of respondents still rely on spreadsheets to do their jobs, even when employing more advanced software: about a third of respondents use Google Sheets and about half use Excel. While there is undoubtedly some overlap between users, this indicates a continued heavy reliance on ad hoc spreadsheet solutions by these professionals.

Software budgets for finance teams did not track exactly with the size of their companies, with *mid* and *high headcount* and companies having comparable budgets across different annual revenue ranges.

With respect to how much time respondents were willing to spend on implementing new software, except for extensive migrations to new ERPs, the estimates ranged from under a week to more than a year, with the majority in the 1–12 week range.

Maximum time allowed for implementing new software.

X-axis: Up to 1 week, 1 week to 1 month, 1–3 months, 3–6 months, More than 6 months

Y-axis: 0%, 10%, 20%, 30%, 40%

Visibility and control.

Professionals report high levels of wasted spend, even when they have robust pre-approval spend processes in place.

At Airbase, we know that the insufficient approval workflows associated with employee spending of company dollars can make it difficult to control budgets. We were interested in understanding how much visibility and control finance leaders feel they have over spending and if, with better controls, they could save on wasted spend.

While the majority of respondents thought they could hypothetically save between 0.5% and 5% given total control of spend before it occurred, almost one in five respondents estimated that their companies could save 10+%.
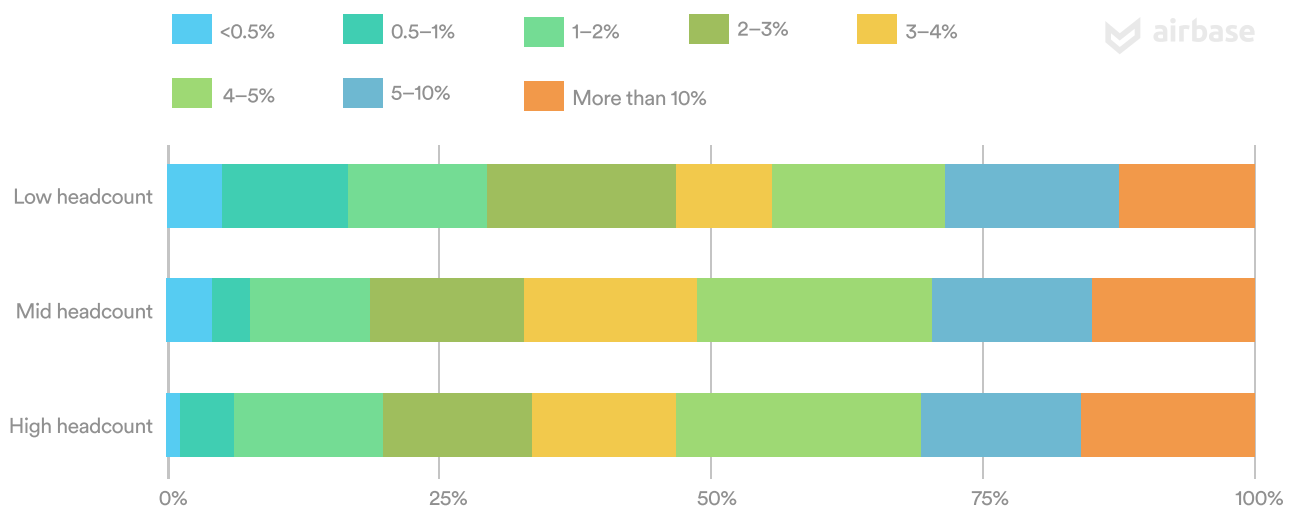
> "
>
> The world is getting more and more complex, and CFOs are going to have to stay on top of it: making sure that you automate, that you have a single source of truth for your data, that you have good infrastructure around data and analytics, and that you can handle this complexity while continuing to bring the real information, not just the data, to the table. — Kelly Battles, former CFO, Quora
>
> ## Quora
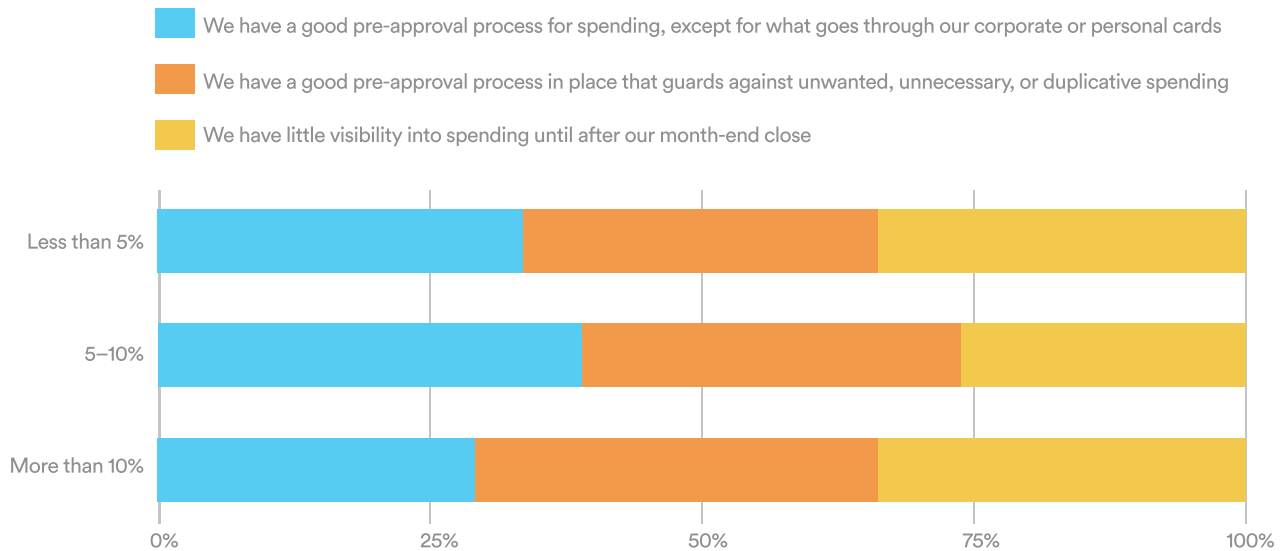
And of the respondents from companies with annual revenue over $500 million, more than a third (39%) estimated a 10+% savings could be achieved with better visibility and control.

Estimated savings.

Legend: <0.5% | 0.5–1% | 1–2% | 2–3% | 3–4% | 4–5% | 5–10% | More than 10%

Categories: Low headcount, Mid headcount, High headcount

X-axis: 0%, 25%, 50%, 75%, 100%

At the same time, 41% of respondents reported that they feel they do have visibility into and control of spend before it happens through strong pre-approval processes.

Estimated savings by strength of pre-approval process.

- **We have a good pre-approval process for spending, except for what goes through our corporate or personal cards**
- **We have a good pre-approval process in place that guards against unwanted, unnecessary, or duplicative spending**
- **We have little visibility into spending until after our month-end close**

Because subscription spend can be prone to waste, we asked respondents to judge their ability to efficiently manage it. More than one in five respondents (22%) said they have little visibility into company subscriptions and have little control over wasted spend that might derive from them.

It is perhaps not surprising that respondents from companies with less than $1 million in annual revenue were about half as likely to report concern with visibility into spending, as small companies have an easier time informally knowing who is spending on what.

Looking ahead.

The future is automated, sure, but it's also integrated.

We believe our data reveal that the sustained period of replacing manual tasks with technology will continue as better designed, more integrated solutions, are made available to meet the real needs of accounting and finance teams in small and midsize businesses. Our respondents rank "improving or changing operations by adding new systems or processes" as their highest priority for 2021, followed by "automating accounting tasks" and "getting control over budgets."

The large enterprise software solutions that provide comprehensive finance operational and accounting support have generally been too expensive and over-engineered for the smaller companies in our sample. Now, however, there is increasing availability of tools that integrate with GL systems and specifically address laborious back-office tasks: expense reimbursements, vendor payments, corporate card solutions for small and midsize businesses. Given our data, we expect professionals to trend away from siloed tools and toward more integrated solutions, such as Airbase's spend management platform, to make themselves more available for higher-value analytical work.

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> Those that are always forward-leaning tend to prosper, at least in my assessment of patterns.
> — Mark Hawkins, CFO, Salesforce

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As you carry out your own plans to add new systems and processes in 2021, we invite you to schedule a demo with one of Airbase's spend management specialists. They can show you how Airbase provides fully integrated automation, from the very first action on spend all the way through to the GL. We'll also show you how all actions for non-payroll spend are captured to create a full audit trail of all internal and external documentation.

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