

Gartner®

The CFO Report

Gartner answers to top
CFO challenges

2Q25

An abstract graphic on the right side of the slide. It features two overlapping circles. The left circle is composed of four segments: a solid dark blue segment at the top, a solid dark blue segment at the bottom, and two segments with diagonal hatching (one on the left and one on the right). The right circle is also composed of four segments: a solid dark blue segment at the top, a solid dark blue segment at the bottom, and two segments with diagonal hatching (one on the left and one on the right). Below the circles, there is a bar chart element consisting of three vertical bars of increasing height from left to right. The middle bar is solid dark blue and contains the text '2Q25'. The left and right bars have diagonal hatching.

This edition's top CFO challenges

Challenge 1:

What shifts in the external environment should I prioritize responding to now?

Challenge 2:

How can I separate hype from reality when it comes to AI's value?

Challenge 3:

What checks should I apply to current budgeting plans?

Refresh your organization's long-range financial plan and strategy

As many CFOs prepare to hold their annual conversations with C-suite peers and business unit (BU) leaders to refresh the enterprise's long-range financial plan, they're considering how recent and shorter-term changes will affect the organization's strategy. These changes include both high-impact external shifts (like the new U.S. government administration's executive orders) and internal shifts (like spending decisions).

Three inputs can help guide CFOs' thinking as they prepare for strategy update conversations:

1. Insight into external shifts
2. Realistic expectations of AI's impact
3. Reflections on 2025 spending plans

Use this latest edition of **The CFO Report** to guide conversations with peers and stakeholders and refresh your organizational strategy.

3 inputs to guide CFOs' strategy update conversations



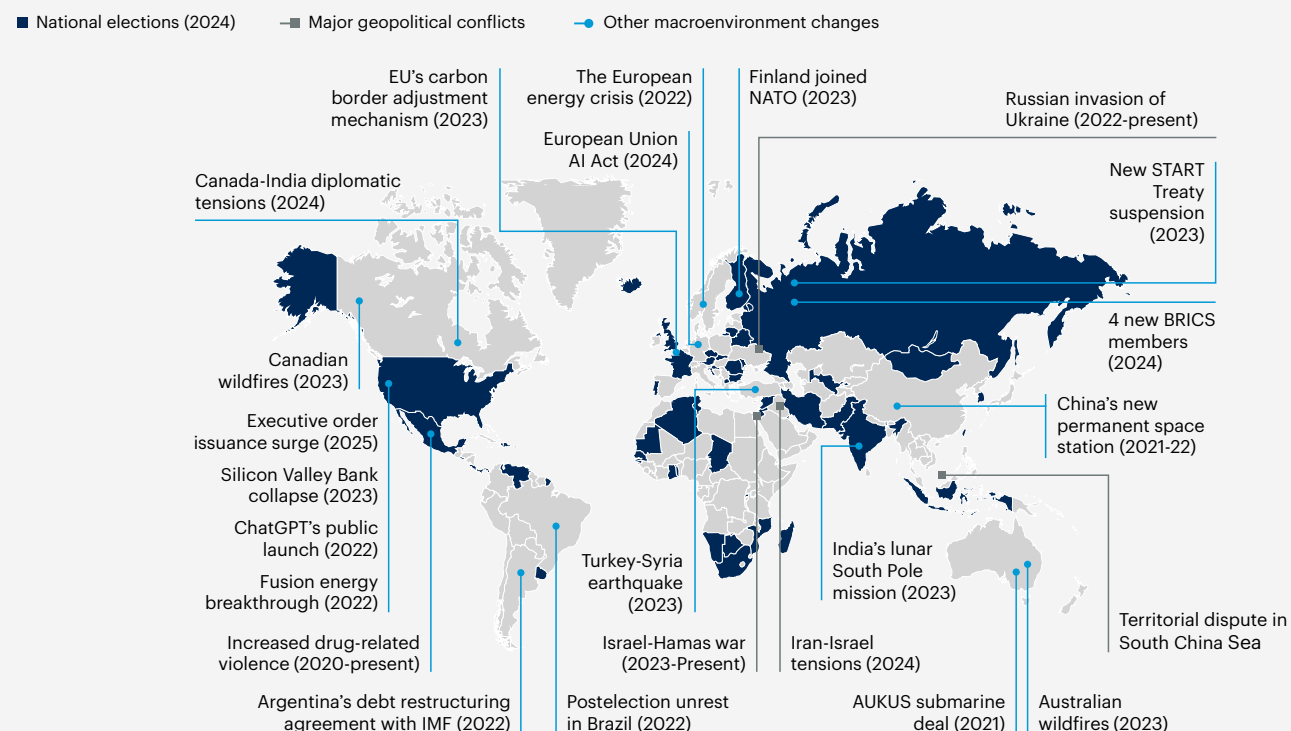
Source: Gartner

What shifts in the external environment should I prioritize responding to now?

The geopolitical environment continues to be volatile and uncertain — the new normal is economic disorder. Organizations are responding to the outcomes of and resulting policy shifts from the 2024 elections in various countries. Most recently, a wave of executive orders issued in the U.S. has disrupted the business landscape domestically and abroad.

Additionally, CFOs need to consider their own performance and productivity. The most effective CFOs recognize they can't address everything simultaneously, so they identify potential upcoming disruptions (whether risks or opportunities) and define their likely response plan, including what to do immediately and what to monitor.

Increasing frequency and magnitude of disruptions in the business environment



Source: Gartner

Prioritize 5 key trends in strategy refresh conversations



Divergent regulatory policies

Corporate tax incentives, tariffs and trade restrictions will lead to more complex regulatory environments and may require CFOs to revisit business model suitability and long-term planning. Short-term obscurity will lead to higher expenditures on legal and assurance services. CFOs should anticipate a temporary increase in time and financial resources for corporate tax management, labor issues, supplier contracts and trade compliance.



Disruptive technological innovation

New technologies are disrupting long-standing business and operating models, prompting organizations to reexamine the alignment of IT with their enterprise operating model (EOM). Lowered entry barriers have heightened competition, prompting incumbents to adapt to maintain market position. Businesses that only spend time on incremental innovation will not satisfy needed return on capital investment — especially because of the lag between innovation and impact.



Momentum for M&A transactions

Mergers and acquisitions (M&A) activity declined in January 2025, with fewer than 900 deals announced in the U.S., compared to 1,200 deals during January 2024. However, dealmakers remain cautiously optimistic about M&A momentum in the Americas and Europe, as anticipated regulatory easing could lead to a resurgence in the volume of larger deals. In the 2025 Gartner Board of Directors Survey, board members ranked investing in M&A second (tied with AI) in greatest anticipated positive impact on shareholder value over the next two years.



IPO comeback

U.S. public markets are preparing for a 2025 resurgence driven by interest rate cuts, pent-up investor demand, a growing backlog of initial public offering (IPO) hopefuls and anticipated public policy changes. Companies pursuing an IPO should ensure the organization has the cash flow to continue business operations and incur significant external costs, including the cost of comprehensive audits.

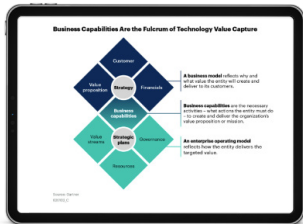


Cryptocurrency becomes mainstream

The biggest U.S. cryptocurrency exchange earned \$1.3 billion in 4Q24, nearly 5x what it made a year earlier. While the potential for high returns has attracted a wave of speculative investment, two factors are causing organizations to pay more attention: increasing acceptance as a form of payment for goods and services, and implementation of accounting standards from the Financial Accounting Standard Update (ASU), which went into effect January 1, 2025.

Take action with Gartner support

For more on 2025 trends to incorporate into your strategy, read [Top External Trends for CFOs in 2025](#).



Ask your head of enterprise risk management to walk you through their perspective and planned approach to external trends.

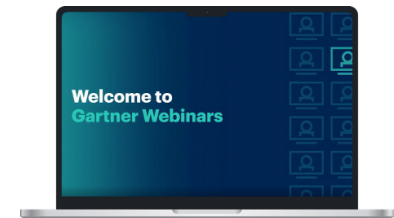


[Schedule a call with a Gartner expert](#) to understand actions you should take to respond to external trends and to review their potential impact on organizational strategy.



Dennis Gannon
VP Analyst

Watch [Seize the Shift: Business Implications of U.S. Executive Orders for CFOs](#), an on-demand webinar that will help you navigate recent government policy changes and capitalize on the future.



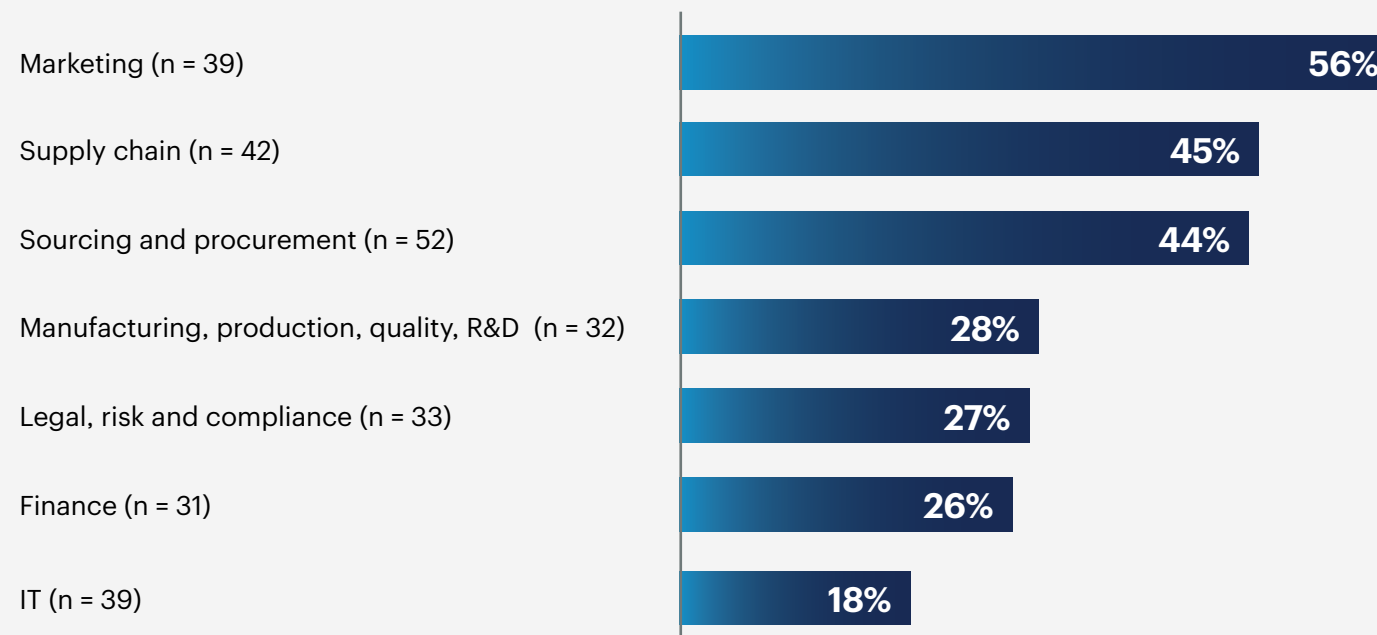
How can I separate hype from reality when it comes to AI's value?

As organizations race to implement AI, they're optimistic about the productivity gains they can achieve. CEOs said they expected an 18% increase, on average, in workforce productivity from generative AI across 2024 and 2025, for instance.

Yet these expectations are often inflated — and especially so now, while AI is at an early stage of development and organizations are still working to size expected costs, as well as understand the best use cases and implementation methods.

AI's productivity impact across functions

Percentage of teams achieving high productivity gains from traditional AI



n varies

Q: In which function do you primarily work?

Source: 2024 Gartner Productivity Impact of AI Survey



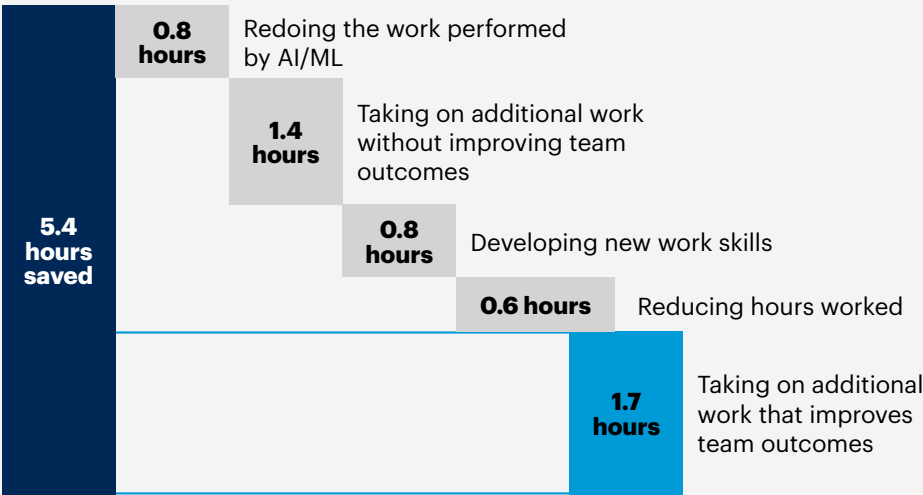
Curb inflated expectations of AI’s current impact in finance

As CFOs review organizational strategy, they should check outsized expectations with a realistic understanding of AI’s impact. Consider, for instance, that 37% of teams who use traditional AI and 34% of teams who use generative AI report high productivity gains as a result of implementation. These figures are comparable to the 34% of teams that reported high productivity gains from other technologies (e.g., robotic process automation [RPA]).

It’s also useful for CFOs to understand what AI’s touted time savings promise currently translates into. Traditional AI users report 5.4 hours per week saved. But just 1.7 hours of that is used to take on additional work that improves team outcomes. When CFOs account for the impact of AI in organizational strategy, they need to incorporate this split for the most accurate projections. Unless the improvements in team outcomes result in positive incremental cash flow (net of the cost of using AI to achieve them), to call them productivity gains is a misrepresentation of the complete financial picture.

Time saved per week as a result of implementing AI

How time savings from AI are used (means)



n = 360 traditional AI users; time saved as a result of implementing the technology, excluding “don’t know” answers
Q: And approximately what percentage of that time saved do you allocate to each of the following?
Q: Overall, as a result of implementing the technology, approximately how many hours per week, if any, have you personally saved after accounting for any time spent on validating the work performed by the technology?
Source: 2024 Gartner Productivity Impact of AI Survey
Note: Mean calculated from midpoints. Hours may not add up to 5.4 due to rounding.

Take action with Gartner support

Schedule a call with a Gartner expert to learn more about the early productivity gains organizations are seeing from AI and how they're capturing ROI.

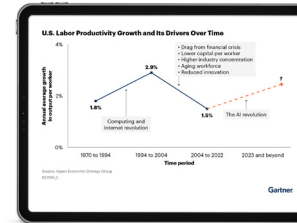


Randeep Rathindran
Distinguished VP,
Finance Research

Work with your **CHRO and CIO** to set realistic expectations around AI productivity gains and time savings.



Read **AI's Impact on Productivity and Headcount** for more guidance on recalibrating expectations of AI's impact.



Attend an upcoming **Gartner CFO & Finance Executive Conference** for in-person networking and sessions like “Measuring and Quantifying Cost, Risk and Value of GenAI Initiatives.”



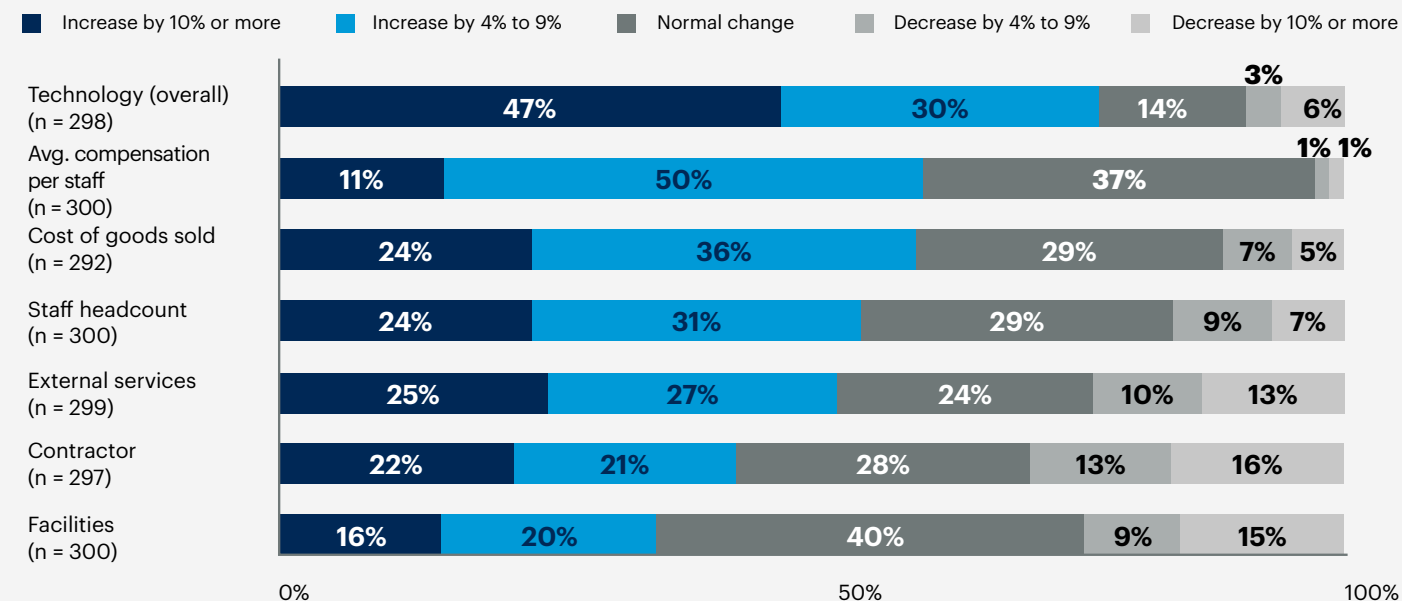
What checks should I apply to current budgeting plans?

Two years into a deadweight economy, featuring consistently higher costs and expensive capital, many CFOs are now more optimistic about growth. However, considering the multitude of looming economic and geopolitical risks, a majority of organizations are planning moderate budget increases across most key spending categories and functions in 2025 — a continuation of 2024 budget trends.

As an additional check to make sure their organization's strategy is on track, CFOs can review Gartner's 2025 budgeting benchmarks. This will help CFOs make sure in-year plans align to strategically important priorities — and if these plans don't align, it will help CFOs understand why and adjust as needed.

Planned changes to enterprise budgets in 2025

Percentage of respondents



n varies; CFOs and senior finance leaders

Q. How do you expect the following to change in 2025 compared to expected level in 2024 in your organization?

Source: 2025 Gartner Budget and Headcount Changes in Finance and the Enterprise Survey

Note: Percentages may not add up to 100% because of rounding.

Source: Gartner

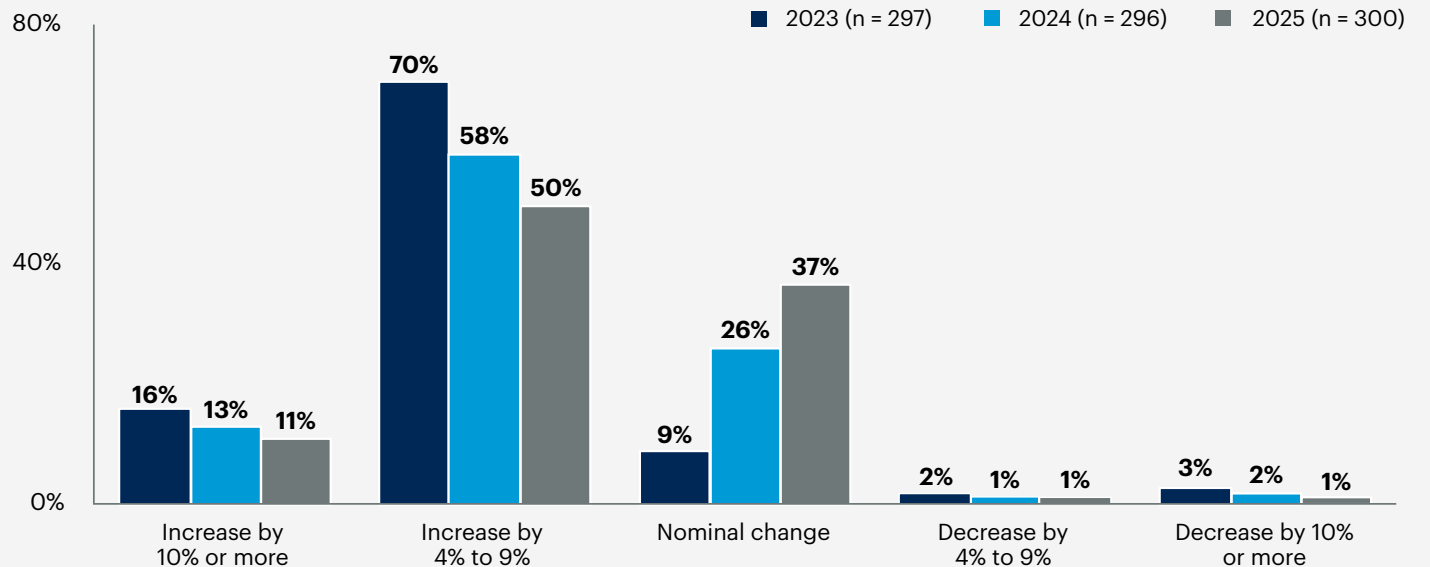
Use benchmarks to determine where peers are increasing investment — and holding back

This year, technology is again the cost category most likely to see increases in spending, with nearly half of CFOs planning to boost this spending by 10% or more. That figure is notable because it follows significant past increases: 50% of CFOs reported they'd planned to up the technology budget by 10% or more in 2024, and 43% said so in 2023.

Another notable trend: Increases in average employee compensation have diminished. Sixty-one percent of CFOs plan to boost spending by at least 4% here in 2025, compared to 71% in 2024 and 86% in 2023. However, some CFOs are apprehensive about the extent to which they can manage this spending area. In a separate survey, 50% of CFOs said they were moderately or very concerned about their ability to control increases in wages for hourly labor in 2025, and 40% said the same about staff salaries.

Planned Changes to Average Employee Compensation in 2025, 2024 and 2023

Percentage of Respondents



n varies; CFOs and senior finance leaders

Q. (2023): How do you expect the following to change in 2023 compared to expected level in 2022 in your organization?

Q. (2024): How do you expect the following to change in 2024 compared to expected level in 2023 in your organization?

Q. (2025): How do you expect the following to change in 2025 compared to expected level in 2024 in your organization?

Source: 2023 Gartner Expected Budget Changes Survey; 2024 Gartner Budget and Headcount Changes in Finance and the Enterprise Survey ;

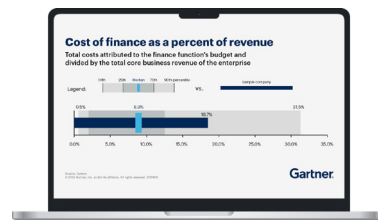
2025 Gartner Budget and Headcount Changes in Finance and the Enterprise Survey

Take action with Gartner support

For more data on your peers' 2025 budget allocations across enterprise and functional cost categories, see [2025 CFO Budget Priorities](#).



Use the [Gartner Budget & Efficiency Benchmark](#) to compare your spending and staffing plans to peers, and identify areas for cost optimization.



Schedule a call with a [Gartner Executive Partner](#) — a former CFO — to review the alignment of your organization's budget priorities and long-term strategic aims.



Chandra McCormack
CFO Executive Partner

Read [Building an Effective Capital Allocation Strategy for CFOs](#) for a high-level overview of Gartner's capital allocation framework.



Actionable, objective insight

Position your organization for success. Explore these additional complimentary resources and tools for finance leaders:



Tool Digital Finance Score

Measure your function's performance across eight objectives and develop an action plan to improve.

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Guide 2025 Top Priorities for Finance Leaders

Benchmark your priorities and finance strategy for 2025 with survey insights from 250+ CFOs.

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