

2025 CFO Budget Priorities

Benchmark your organization's
2025 budget allocations.



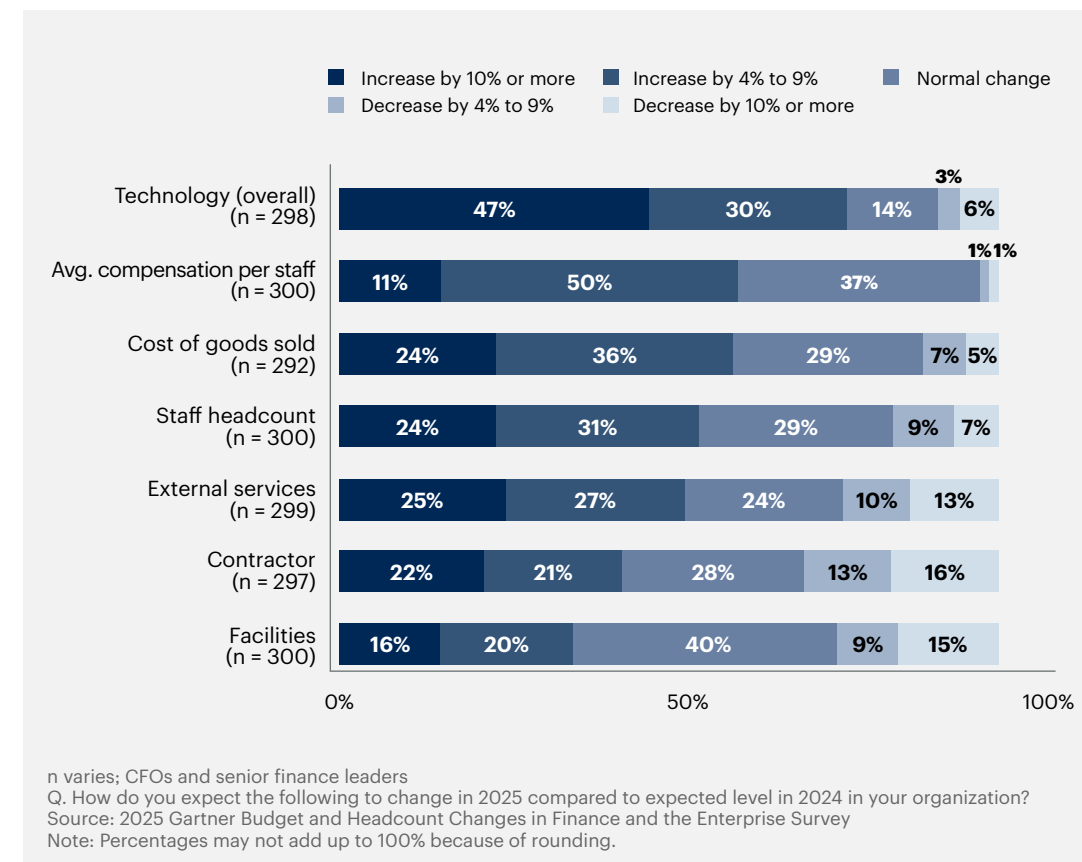
Introduction

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.

Responses from more than 300 CFOs and finance leaders about their 2025 budgets underscore the continued importance of technology investments, a measured approach to pay increases and higher budgets for growth-supporting functions, such as IT, sales and marketing.

Use these budget and headcount change benchmarks to calibrate 2025 budget allocations across both enterprise and functional cost categories →

Figure 1: Planned changes to enterprise budgets in 2025
Percentage of respondents



Companies across industries are betting on technology to drive growth and efficiency

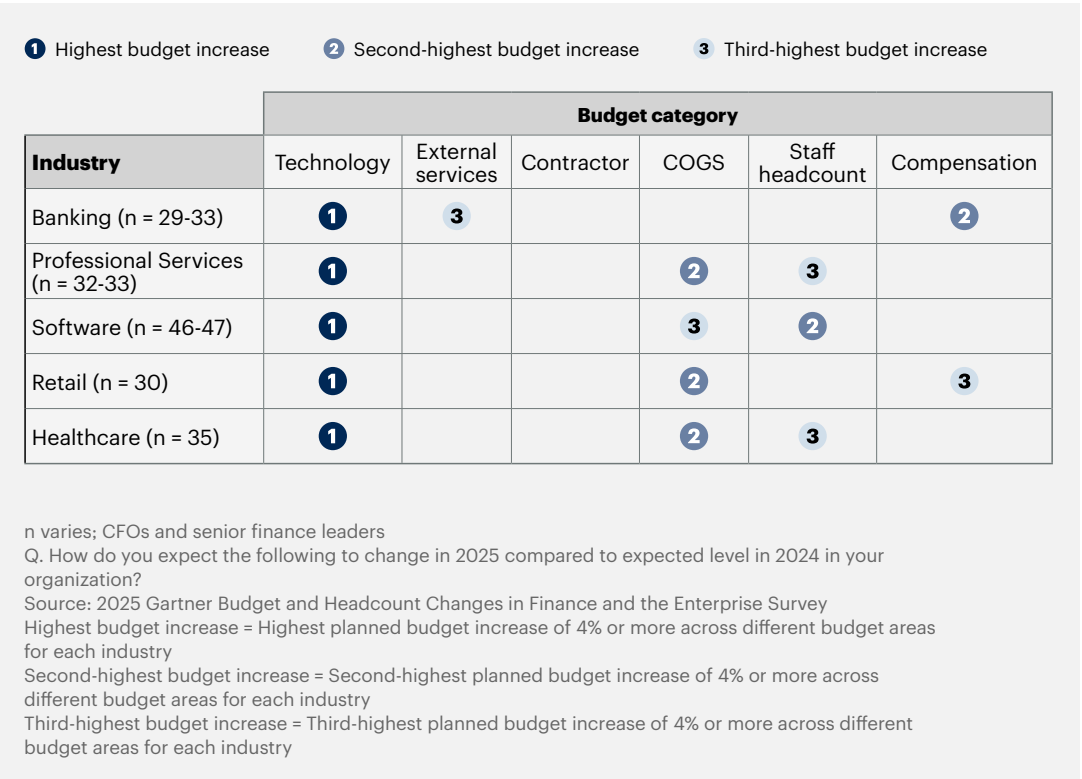
Almost half (47%) of CFOs are planning to increase technology spend by 10% or more in 2025 compared to last year. To put this in perspective, the second-most likely area to see a spending boost of 10% or more is external services, with only one quarter of CFOs planning this level of increase.

Even more notably, companies are sustaining this high pace of technology spending increases over time. These technology budget increases reflect various functional and business transformations’ growing needs, as well as expected price increases from technology vendors for renewing contracts.

Analyzing CFO responses by industry reveals the same trend across the board: While second and third budget priorities may vary (see Figure 2), organizations across sectors are prioritizing technology spending in 2025.

Just like last year, enterprise technology is the cost category most likely to see budget increases, as 77% of CFOs plan to boost spending in this category.

Figure 2: Top 3 largest budget increases in various industries



Pay increases continue to slow as the labor market softens

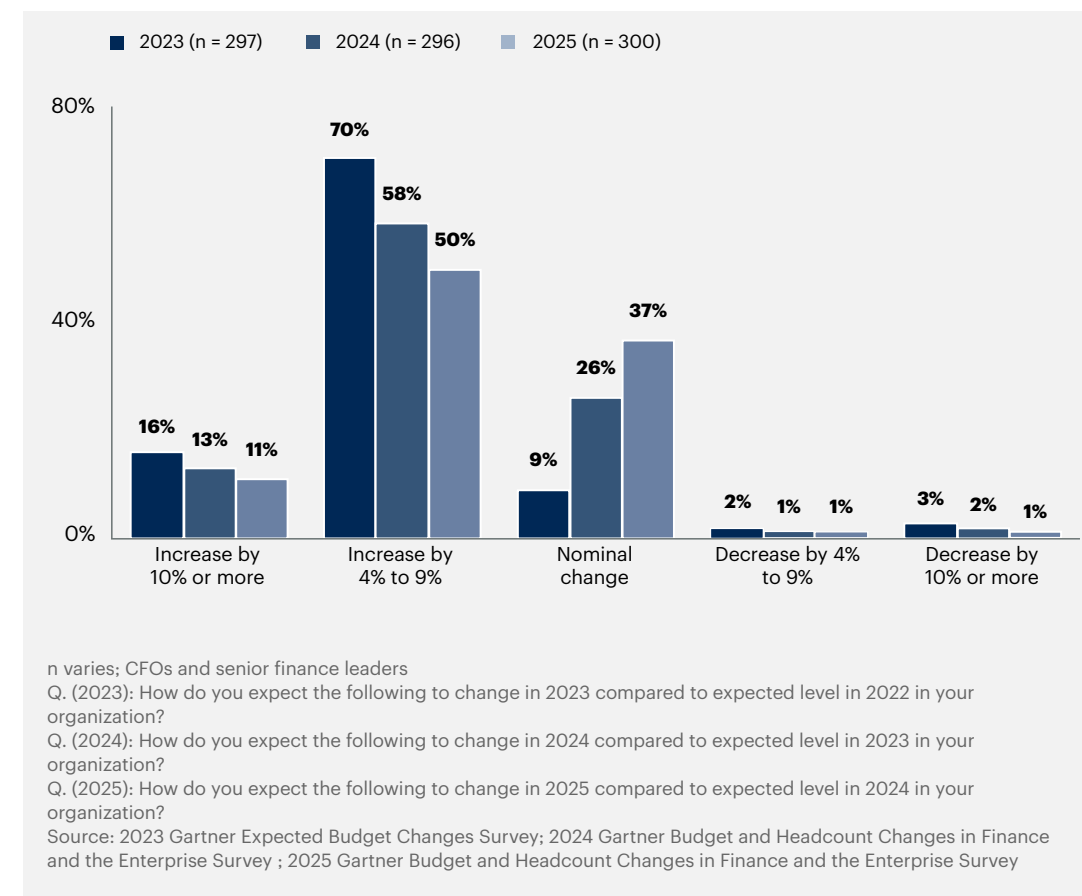
While compensation continues to be a top area for budget boosts, pay increases have been slowing down for three years in a row. In addition, there has been a shift toward smaller pay increases.

The observed slowdown in average employee compensation is partially a function of moderating inflation, as well as relatively lower voluntary employee attrition.

Although the cooling labor market gives organizations more negotiating power over compensation, CFOs should remain sensitized to the potential risks of attrition and low engagement as prices for household necessities remain stubbornly high. Work with your CHRO to develop a differentiated strategy whereby compensation packages for critical talent and key roles remain competitive as the market evolves, and to stay ahead of involuntary attrition using leading indicators of employee engagement.

Only 61% of CFOs are planning to increase average employee compensation in 2025, compared to 71% in 2024 and 86% in 2023.

Figure 3: Planned changes to average employee compensation in 2025, 2024 and 2023



Sales, IT and marketing budgets surge in effort to drive growth

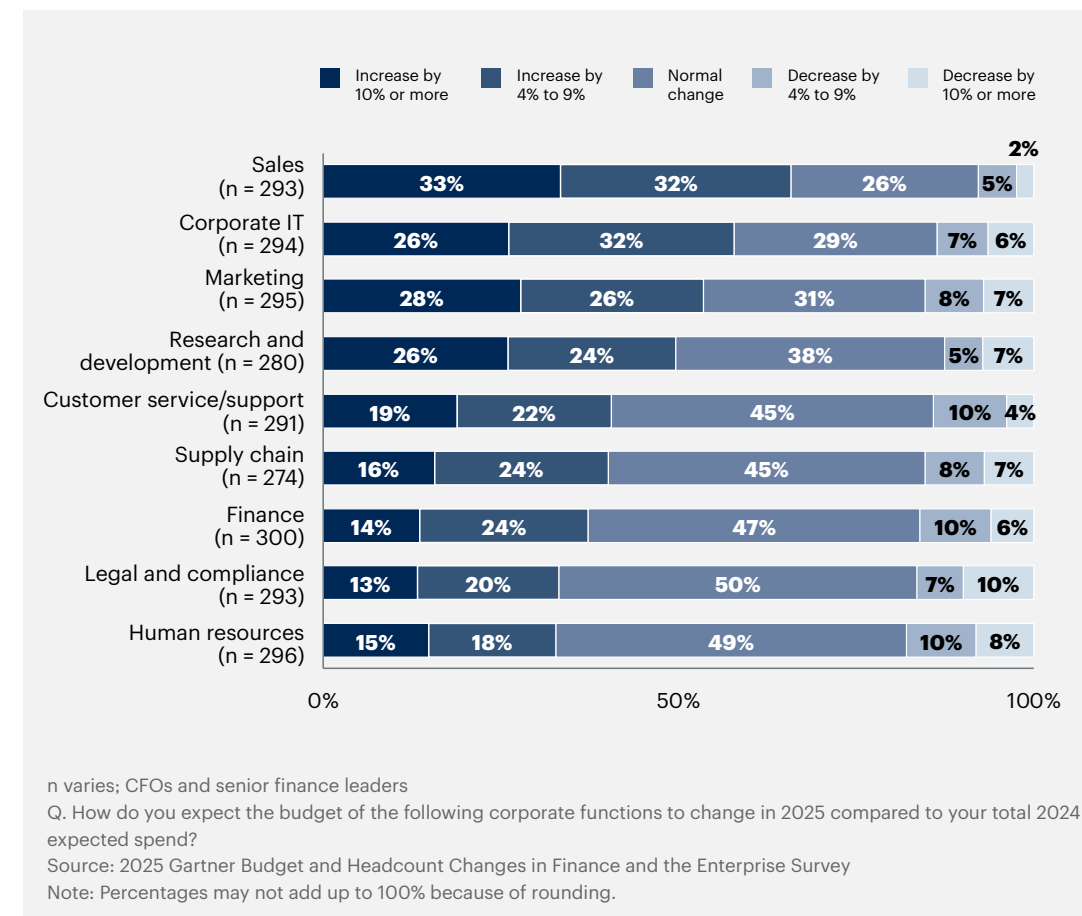
Continuing the trend from last year, the sales and IT functions are the most likely to see budget increases, with 66% and 58% of CFOs anticipating higher spending in 2025, respectively. Additionally, more than half of CFOs also plan budget increases in marketing, indicating an interest in shoring up brand visibility, customer engagement and competitive positioning. This is the first time since the COVID-19 pandemic that marketing is among the top 3 most likely to see increases.

CFOs' focus on sales, IT and marketing aligns with organizations' ongoing efforts to drive growth in an uncertain economic environment and amid changing customer preferences.

On the other hand, HR, legal and compliance, as well as finance, are most likely to see nominal budget changes and even cuts, with 18%, 17% and 16% of CFOs planning budget reductions in these areas, respectively. Reduced legal budgets may reflect a strategic choice to streamline internal resources or more efficiently use external counsel. Reduced hiring levels — and therefore a need for fewer recruiters — explain some of the budget reductions in HR.

Growth continues to lead the executive agenda, with nearly 60% of CEOs citing it as a top priority — the highest level since 2014.

Figure 4: Planned changes to functional budgets in 2025
Percentage of respondents



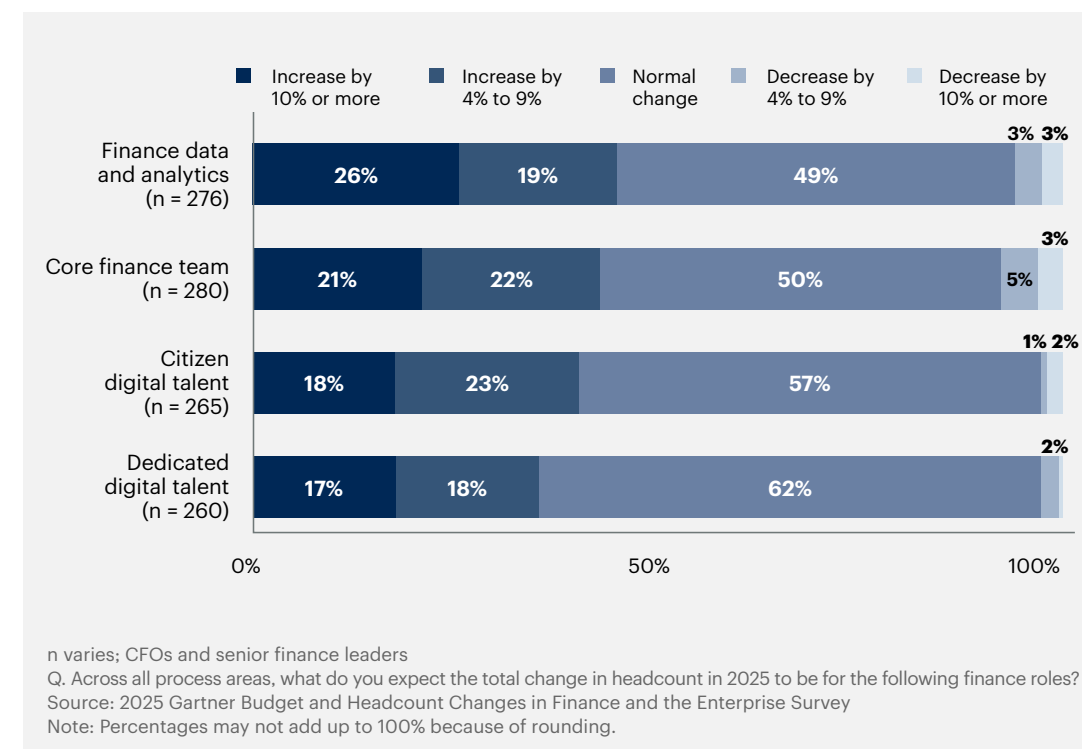
Finance transformation goals aren't translating into planned headcount changes

Finance data and analytics and core finance talent are the finance roles most likely to see headcount changes, with 45% and 43% of CFOs anticipating higher headcounts in 2025, respectively.

Over half of finance teams are planning to implement, piloting or already using AI, according to the 2024 Gartner AI in Finance Survey. However, there is a disconnect: 78% of finance functions are progressing slower than anticipated in accelerating the development of digital talent, and only 14% of CFOs report significant benefits from AI deployment. This contrast underscores a challenge: While CFOs recognize the importance of funding AI and other technology, they are slower to invest in the digital talent they may need to successfully embed these tools and transform finance's ways of working.

Despite ambitious transformation goals, more than half of CFOs are only planning nominal changes to technically skilled headcount, such as citizen digital and dedicated digital talent.

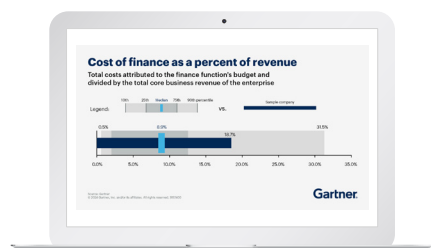
Figure 5: Expected headcount change for finance roles in 2025 from 2024
Percentage of respondents



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