

CFO EXCHANGE

Executive Summary – March 12, 2021

Chief financial officers (CFOs) of high-growth technology industry companies meet virtually in a small-group setting using Chatham House rules to exchange learnings and discuss business challenges and industry trends. Participants of this exclusive CFO peer group create the agenda through a series of pre-interviews. Protiviti is proud to support and host members of this community.

The agenda topics for the March 12, 2021 meeting included risks and priority areas, insurance, cryptocurrency and the difficulties associated with pandemic-era acquisitions.

Key Takeaways

TOP RISKS AND PRIORITY AREAS

- 01** The CFOs discussed insights from Protiviti's most [recent top risk survey](#), which highlights risk issues that are top of mind for business leaders this year and over the next decade. Risks related to pandemic policies, digital transformation, privacy and identity management, cybersecurity, succession planning, and business continuity were identified as most pressing by technology executives.
- 02** Confirming the survey results, a CFO acknowledged the challenge of managing pandemic-related risks, especially those associated with a return to the office and a distributed workforce. According to the CFO, recruiting for long-term remote work in different geographies (while attractive) has been a struggle because the organization's small payroll/HR compliance team (unlike those of their larger competitors) is not equipped to support employees working across different states. Also, the distributed workforce has already had a significant impact on product development deadlines. While not compromising on quality, the team has been plagued by delays as employees struggle to manage personal and professional commitments.

03 Stress on customers as a result of the pandemic is a major concern for one executive while cybersecurity tops the list for others. While remote work has been a significant contributor to cyber risk, organizations are still seeing traditional attacks occurring. Regarding information security breaches, one executive recommended utilizing penetration testers to attempt to hack the network and see how far they can go to test internal information security capabilities. Another CFO has used hackathons with bounties to incentivize internal red team exercises. Some continue to be surprised by how many individuals fall for fairly obvious phishing emails. Visit [here](#) to read and listen to our insights on recognizing phishing scams.

04 Many organizations are planning for a return to the office, and some discussions involve the possibility of incentivizing employees to return once it is safe, according to one CFO. Some companies have given employees the choice of deciding to return to the office or staying remote. Other return-to-work strategies include categorizing employees in a way that identifies those who are necessary to have in the office and those who aren't and devising a plan for employees who are in collaborative roles to be in the office at the same time. Repurposing conference rooms as collaboration spaces is another related strategy. Some companies are more eager for sales teams to return to the office, compared to programming talent, as they tend to require more in-person motivation and training. Visit [here](#) to learn more about how firms can prepare adaptable and high-performance teams to return to the office.

05 Some organizations are considering increased flexibility through abbreviated workdays and work weeks. One CFO said his organization is considering a four-day work week and looking to transition certain roles to part-time to produce better work-life balance. Some executives are establishing rules around meetings (e.g., no meetings after 4:30 p.m. and before 8 a.m., meetings must be under 45-minutes, entire weeks without meetings to facilitate more focused thinking).

INSURANCE

01 Insurance premiums have spiked during the pandemic, particularly for directors and officers insurance policies. CFOs agreed that the process for acquiring insurance has become much more rigorous, as well as expensive—it seems to one leader that rates in the insurance market as a whole are out of balance considering actual settlement amounts. One CFO found that layering down to \$5 million helped save costs compared to not layering or layering at \$10 million. The biggest surprise for another member was simply the process of obtaining the insurance—they were prepared for the increase in cost but not for the difficult renewal process.

CRYPTOCURRENCY

01 CFOs are increasingly interested in using cryptocurrencies given their growing acceptance by institutional investors and other major organizations. One CFO said a small group of people within his firm are paid in Bitcoin for the simplicity and speed it enables within payroll. Another CFO added that his organization is exploring Bitcoin rather than other cryptos given the maturity of its infrastructure and based on the recommendation of its CEO. The perception of Bitcoin is that it's a more secure option than other cryptos and has higher accessibility as well. The company has bought Bitcoin to use for its balance sheet in order to process payroll for those employees accepting Bitcoin for payment.

02 A payroll processing leader noted that while their payables are too short-term to use cryptocurrencies as an investment strategy, the firm remains interested in exploring digital currencies as an option for processing payments typically passed through ACH for the benefit of speed and accuracy. Similarly, another CFO noted that, as an investment, Bitcoin isn't viable for its business given how fast it moves cash. The company has considered accepting Bitcoin for payments from consumers, but its payment processing is run by third parties that have the sole discretion on whether to accept cryptocurrencies.

03 Overall, the executives provided differing outlooks on cryptocurrency adoption. One CFO likened it to virtual reality (VR) technology, and believes cryptocurrencies have a long way to go before they are more generally adopted by consumers and businesses for transactions. Another leader expects the timeline on adoption to be significantly reduced given the pain point that cryptos solve—they allow for much faster money transfer than traditional methods, particularly across the globe.

CAPITAL MARKETS AND M&A ACTIVITY

01 The group briefly discussed activity in the mergers and acquisitions space. Speed of execution of M&A transactions have been affected by the pandemic. Notably, integrating acquired employees has become a challenge because in most cases onboarding is completely virtual. One CFO described the challenge of onboarding a company which was private but now operating under the umbrella of a public company. There are many requirements to get the company operating at the appropriate level of performance and compliance. CFOs can find key tips [here](#) on executing successful transactions.

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Whether you are an emerging or well-established company in the TMT industry, Protiviti offers technology and business consulting solutions to help you rethink how you drive innovation with responsibility and talent. For those critical points in your company's life cycle—starting up, scaling up, looking to grow or working to increase efficiencies—Protiviti can develop custom solutions and provide a multidisciplinary team suited to your company's unique culture to help you achieve your operational targets and face the future with confidence.

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