How finance can fuel fast-growth tech

Six moves that could help drive profitability and innovation

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Introduction

Fast-growth technology companies typically have ambitions of achieving Fortune 500 status, but not all of them accomplish it. And even those that do make it may not always take an optimal path to achieve scale and sustainable profitability. The finance function can be critical to both goals, influencing investment and market expansion strategies, as well as managing revenue and capital flows. These activities include conscious decisions and trade-offs about how the finance function operates and how it engages in the business.

Our recent survey of middle market tech executives[1] indicates that fast-growth tech companies exist in an environment that demands efficiency, innovation, and discipline to succeed. Based on our experience advising finance leaders on charting the trajectory of these companies early in their journey, this report outlines six considerations that can help set tech companies on a path to sustainable growth and profitability.

Consideration 1: Optimize finance operations

State of play: Challenges and opportunities

The technology sector is experiencing unprecedented growth as companies scale operations quickly and expand globally. This can be both an opportunity and a challenge as some finance teams may need to manage higher transaction volumes with speed and accuracy, while being compliant with reporting and data regulations. Scaling systems may also require ongoing reallocation of human resources as tasks are automated or outsourced.

However, the potential payoff could be worth any temporary business disruptions. Optimizing important transactional activities such as record-to-report, procure-to-pay, and order-to-cash—whether through automation, third-party partnerships, or AI-enabled solutions—can reduce overall costs while maintaining operational excellence and agility. On the other hand, failure to optimize could limit the ability of finance to scale with the company and undercut accurate reporting, which can be critical to market confidence.

Advancing the play: Implementation considerations

A tech-enabled finance operating model can include a clear vision of its benefits, how to measure them, and how to help team members adapt. And as tech architecture evolves, compliance may require special attention. Finance teams should be able to identify specific efficiency improvements from streamlined processes, allowing staff to focus more on strategic goals. Both can impress investors eager to reward optimized, more mature operations.

To effectively implement this model, consider the following practical steps:

- **Define vision, guiding principles, and quantifiable benefits.** Establish specific goals for the tech-enabled finance model with quantifiable benefits. Define clear key performance indicators (KPIs), such as cycle time reduction, error rates, cost savings, compliance metrics, productivity, customer satisfaction, and return on investment (ROI), that hold the team accountable and validate against industry benchmarks.
- **Identify the key initiatives for transformation.** Identify transformation initiatives by grouping related project activities with common objectives. Each initiative should have clearly articulated goals, detailed activities, realistic timelines, and mapped dependencies.

  Define measurable KPIs for each initiative, such as efficiency gains, cost reductions, quality improvements, and stakeholder satisfaction scores. Prioritize initiatives based on strategic impact, resource requirements, and organizational readiness to ensure focused execution and measurable outcomes.
- **Measure overall value to the organization.** Quantify the cumulative value of all transformation initiatives by measuring overall program ROI and tracking key benefit drivers such as cycle time reduction, cost savings, and productivity improvements. Establish a value horizon with a defined portfolio break-even point, enabling stakeholders to clearly understand when the total investment will yield returns and how combined benefits accumulate over time. Implement progress monitoring and periodic reviews to compare realized benefits against the articulated business value case.
- **Build a road map for transformation.** Develop a comprehensive transformation road map by mapping all initiatives, including in-flight projects and their dependencies. Leverage defined KPIs and the business value case to determine optimal sequencing and prioritization. Identify critical path activities, resource requirements, and potential bottlenecks to establish realistic timelines. Regularly review the road map to ensure alignment with business objectives and adjust as needed based on progress monitoring and emerging benefit realization patterns.
- **Support team adaptation.** Implement a comprehensive change management plan, including communication strategies, leadership support, skills assessment, training programs, and ongoing support mechanisms.
- **Ensure compliance.** Develop a compliance framework to stay updated on regulatory requirements, implement automated controls, maintain thorough documentation, and conduct regular internal audits.

Consideration 2: Embrace transformational ERP

State of play: Challenges and opportunities

Enterprise resource planning (ERP) systems manage finance operations and data to improve productivity and efficiency. In fact, Deloitte Global predicts that ERP will be a core component of a "golden age of technology" in finance.[2] While some mature global enterprises are modernizing by shifting to cloud-based ERP solutions, some fast-growing tech companies are moving from mid-tier cloud solutions to large enterprise ERP solutions (Oracle, SAP, Workday) to scale operations and support growth.

There are likely several reasons for the shift: First, a shortage of needed digital and analytical capabilities across finance. Second, the recognition that manual processes can be expensive, difficult to scale, and error-prone, thus more likely to generate compliance issues. And third, potential benefits from transformational ERP:

- Improved financial reporting and decision-making
- Enhanced customer and partner experiences (billing/invoicing, supply chain, RMA, etc.)
- Lower technology costs by rationalizing applications and infrastructure

Advancing the play: Implementation considerations

Similar to global business services (GBS) and digital finance operating models, transformational ERP is a large-scale organizational change that likely requires significant resources (both in-house and third parties) to get planning and integration right.

In our experience advising companies on this journey, a handful of leading practices can guide implementation:

- **Set goals.** Define objectives and secure buy-in for the ERP journey, including goals, trade-offs, desired capabilities, and value road map.
- **Communicate.** Clarify the value through "art of the possible" workshops prelaunch and have a communication mechanism to track sustainability throughout the project.
- **Manage data.** Adopt an analytics-first approach, articulating guardrails that align to the enterprise data strategy and identifying all disparate sources of information.
- **Be accountable.** Define function/business group/IT data accountability and decision rights by operating as one team.
- **Engage the workforce.** Build a techno-functional talent model to support solutions, business units, and the enterprise. Equip the workforce with training and skills to extract maximum benefit from the ERP platform.

Consideration 3: Commit to AI-fueled finance

State of play: Challenges and opportunities

Generative artificial intelligence (GenAI) and machine learning are revolutionizing finance operations, addressing data overload, the integration of disparate systems and platforms, and changes in regulatory compliance. We've previously detailed how adopting machine learning in finance can improve predictive analytics,[3] generating new insights into performance and supporting better decision-making.

Moving forward, GenAI is expected to have a potentially broader impact than machine learning. It can automate complex financial processes, reduce costs in the long run and enhance cash flow and agility. More robust financial practices supported by GenAI can drive innovation and competitive advantage—important factors for prospective investors.

Advancing the play: Use cases

Finance teams should look to define what they hope to achieve with GenAI. Automation and efficiency may top the list, followed by expedited scalability and responsiveness. For finance teams specifically, the ability of GenAI to improve the accuracy of forecasting—as well as optimizing supply chain networks and fulfillment capabilities—may hold promise for fast-growth companies. Some finance teams could benefit from deploying GenAI to enhance contract management and automate a variety of deal desk processes.

Consideration 4: Harness the power of FP&A

State of play: Challenges and opportunities

Financial planning and analysis (FP&A) activities can help drive strategy and measure performance against strategic goals using financial data. For some tech companies, profitability has become just as important as sustainable growth. FP&A can help achieve these goals by injecting a data-driven approach to strategic growth planning and disciplined cost management, providing the guardrails necessary to steer the business toward performance targets.

Advancing the play: Ensuring FP&A can provide rigorous accountability

A rigorous FP&A organization can generate value by bringing deep knowledge of the business; in fact, FP&A can be effective when it partners closely with business leaders. This collaboration can help provide a clearer perspective on the financial impact of operational decisions while holding leaders accountable to meet their targets. The power of the FP&A team often rests in part on its ability to steer performance across critical finance dimensions such as:

- Revenue visibility: Do you have clear visibility into projected revenue? Can you point to data to identify a potential missed target and what's driving it?
- Profitability performance: Can you accurately measure performance and project profitability for products, services, or by customer? Is the data available on your CRM and revenue platforms?
- Cost accountability: Are your data and reports comprehensive enough to plan and hold people accountable for costs and OpEx spending (sales commissions, headcount, R&D)? How could they be improved?
- Capital allocation process: How are you measuring the ROI of growth plays and long-term capital investments to scale the business? Are leaders accountable for ROI targets?

Consideration 5: Empower treasury

State of play: Challenges and opportunities

Liquidity risk management and cash optimization are likely top priorities for CFOs and treasurers. Some treasury functions in fast-growth companies may lack needed capabilities. They may rely on inaccurate, time-consuming manual processes, depriving the organization of real-time visibility into global cash balances, cash forecasts, and control of banking transactions.

Strategically creating operational capabilities and embracing technology to automate treasury operations and payments processing are likely important components of achieving overall finance fitness. Using advanced treasury management systems and GenAI for treasury operations, financial risk management, and cash forecasting could transform existing processes at fast-growth companies where managing cash flow is critical.

Advancing the play: Benefits and implementation considerations

Scalable, responsive treasury and cash management capabilities can enhance flexibility and enable the strategies of growth companies. A modernized treasury management system can also impose controls and governance over banking and payments operations, helping to minimize financial risk exposure. Transforming treasury management systems through technology investments can help grow the business by optimizing the deployment of global cash.

Consideration 6: Deploy GBS models

State of play: Challenges and opportunities

Economic uncertainty, as well as the need for a scalable back office to enable growth milestones, could prompt tech organizations to reevaluate the cost of their back-office functions—including the possibility of using a global business services model to centralize activities, achieve scale, and optimize cost-to-serve. Our 2023 research[4] showed that a GBS model can also become an engine of innovation, enhancing service quality and supporting broader digital transformation.

Advancing the play: Implementation considerations

Some considerations when adopting a GBS model include aligning key stakeholders, identifying processes ripe for centralization, and choosing the right location(s) for GBS operations. The latter can help secure access to the talent and reliable infrastructure needed to scale. The benefits can be significant, starting with reduced costs and process consistency, and extending to higher service levels, process simplification and digitization, and the flexibility to scale quickly.

To reap those benefits, finance teams can consider the following questions:

- How efficient is the back-office operation in terms of cost and quality? Did it scale well in the past few years, and can it support anticipated growth?
- How are your ERP engagements affecting your back-office operations? Is there an opportunity to simplify your internal processes?
- If M&A has been used, are acquired entities fully integrated or are they operating as stand-alone units? If the latter, are they amenable to moving to a GBS model?
- Are offshore or shared service models used elsewhere in the organization? How were those implemented, and did they generate the expected benefits?
- How will finance or the company determine the scope of work performed at the business unit or regional levels versus global/corporate? Is there consensus on the degree of centralization and standardization desired across finance, IT, and procurement?

Conclusion

The CFOs at fast-growth companies play a critical role in keeping strategy, profitability, and growth on track. Several levers are at their disposal, from AI to ERP, to generate value for their organizations and orchestrate activity within their function. Determining when and how to pull these levers looks different for each team. And it should include an assessment of how well the organization is positioned to embrace transformational options. CFOs who find the right combination can help set their companies on a path to sustainable profitability more quickly.

Contacts

Charmaine Wilson
Principal
TMT Fast Growth Subsector Leader
Deloitte & Touche LLP
ckwilson@deloitte.com

Mike Danitz
Principal
Finance Transformation
Deloitte Consulting LLP
mdanitz@deloitte.com

Joe Levine
VP Sales
Technology Sector
Deloitte Consulting LLP
jolevine@deloitte.com

Mike Razzano
Senior Manager
Finance Transformation
Deloitte Consulting LLP
mrazzano@deloitte.com

Jose Rivas
Senior Manager
Global Business Services
Deloitte Consulting LLP
josearivas8@deloitte.com

Rachel Johnson
Manager
Finance Transformation
Deloitte Consulting LLP
racjohnson@deloitte.com

Endnotes

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