CFOs are retooling their businesses to drive more revenue from services, which includes professional services, subscription-based services, software/apps delivered as a service, managed services and usage-based contracts.

That's according to a new study by FinancialForce, a Cloud ERP vendor on the Salesforce Platform.

More than a third of the 163 CFO respondents said that subscription-based services have become significantly more important for their companies over the past five years. Roughly the same number (26.9%) see those types of services as an important part of the company's growth plan over the next two years.

Currently, 71% of CFOs report that more than half of their revenue comes from services, and almost a third report that all their companies' revenues are service-related. More than half (55%) say that services generate a higher percentage of revenues today than they did five years ago.

"Cloud computing and the prevalence of mobile and connected devices have accelerated the shift towards the services economy, effectively giving every company the opportunity to sell/upsell its customers on subscription-based offerings – creating valuable recurring revenue streams," says FinancialForce CFO, John Bonney.

"This transition is changing the underlying architecture of business, as well as changing the role of the CFO, bringing the office of finance into conversations on customer experience and satisfaction as contract and subscription renewals become more important to overall business performance.

Despite the shifting business model, only 17% of or respondents were confident that their operational and technological infrastructure was suitable to handle the increase in service-related revenues.

According to the report, CFOs in the United States believe:

- More than half (55%) say that services generate a higher percentage of revenues today than they did five years ago.

A more customer-centric finance function is emerging

- Two-thirds agree that they feel "substantial pressure" to change their finance team's mindset to be more customer-centric and focused on renewal revenue streams.
- 44% of financial executives chose "more involved in product/service pricing decisions"—suggesting that they are aware of the central role that the customer plays in the evolving business model.

CFOs must reach beyond their core capabilities

- Among survey respondents, a plurality (45.5%) say they believe that generating more revenue from services will require their company to make substantial changes in strategic planning. More than 40% of survey-takers chose staffing (42.9%) and operations (41.7%) as requiring substantial changes.
- 50% of respondents chose "more likely to use new metrics to measure business success" when asked how the role of the CFO or finance leader should change to support the "new services" business model.

For many CFOs, the shift to services changes everything

- In the survey, finance executives were asked about the location of the largest "pain points" they would expect to experience because of the adoption of a services business model. The answer: almost everywhere.
- Nearly 40% of respondents (39.8%) chose "staffing and skill sets" as the locus for such pain points, but two other options garnered more than 35% of respondents, including: Billing, Invoicing and Accounts Receivable (37.9%); and Planning,

Budgeting and Forecasting (36%). Renewals and revenue forecasting, at 33.5%,

into data-processing