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Sixty-four percent of CFOs view the current North American economy as good or very good, a decrease from 4Q21's 72%. Thirty-six percent of finance leaders expect economic conditions in North America to improve in a year, down from 45% last quarter. Additionally, 31% and 29% of CFOs view the current European and Chinese regional economies as good or very good, respectively. Looking forward, 26% of CFOs

expect Europe's economy to be better, down from 40% in 4Q21, and 31% expect

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and expectations, finance priorities, and CFOs' personal priorities. Overall, participating CFOs represent diversified, large companies, with the vast majority reporting revenue in excess of \$1 billion. More than one-quarter are from companies with greater than \$10 billion in revenue.

Key operating metrics

CFOs have higher year-over-year (YOY) growth expectations for revenue and dividends, compared to the prior quarter, with revenue growth at 9.1%, up from 7.8% in 4Q21, and dividend growth at 3.9%, up slightly from 3.7%.

As for the other key metrics *CFO Signals* tracks — CFOs have lower YOY growth expectations for earnings, capital spending, domestic hiring, and wages and salaries. Expectations for earnings growth decreased slightly from 9.6% in 4Q21 to 9.2%. Capital spending growth expectations also dipped slightly from 11.5% to 11.3%. Domestic hiring growth expectations decreased to 5.3% from 5.8%, while expectations for domestic wages dropped slightly to 5.1% from 5.2% in 4Q21.

Overall, 47% of CFOs indicated now is a good time to be taking greater risks, down from last quarter's 57%. Eighty-five percent of CFOs considered debt financing attractive, and more than one-third (37%) of CFOs regard equity financing as attractive.

“CFOs' drop in their outlook for the North American and European economies a year out and a decline in their YOY growth expectations for earnings and capital investment are indicative of the current business environment and the challenges they're up against, including talent retention, geopolitical tensions, inflation, and policies and regulations that will likely affect their strategy,” said Steve Gallucci, national managing partner, Global and U.S. Chief Financial Officer Program, Deloitte LLP.

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Views on the IT Function and IT Spend

CFOs' responses on the top three challenges to realizing value from their IT function fell into several categories, foremost being talent; complexity and non-standardization; business partnering and alignment; technology debt; prioritization and execution; and time to value. When asked about the actions their organizations have taken to enhance the value derived from the IT function CFOs noted most frequently changing IT leadership, improving governance, and increasing investment.

On average, CFOs indicated that their organizations' overall IT spend was 3.1% of annual revenue. Fifty-two percent of CFOs' organizations' IT spend goes toward maintaining day-to-day operations, while the remainder is split between enhancing existing capabilities and operations (26%) and creating new capabilities (22%). On average, 23.7% of CFOs said their organizations' IT spend goes to Agile initiatives. Thirty-five percent of surveyed CFOs have direct or indirect oversight over their organizations' IT leader; the remaining 65% do not.

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