



Have top performing finance functions reached terminal value in the age of AI?



Energy & Industrials companion edition

Shaded **E&I SECTOR LENS** boxes throughout supplement PwC's published article with Energy & Industrials sector data and examples. The article text itself is unchanged from the original.

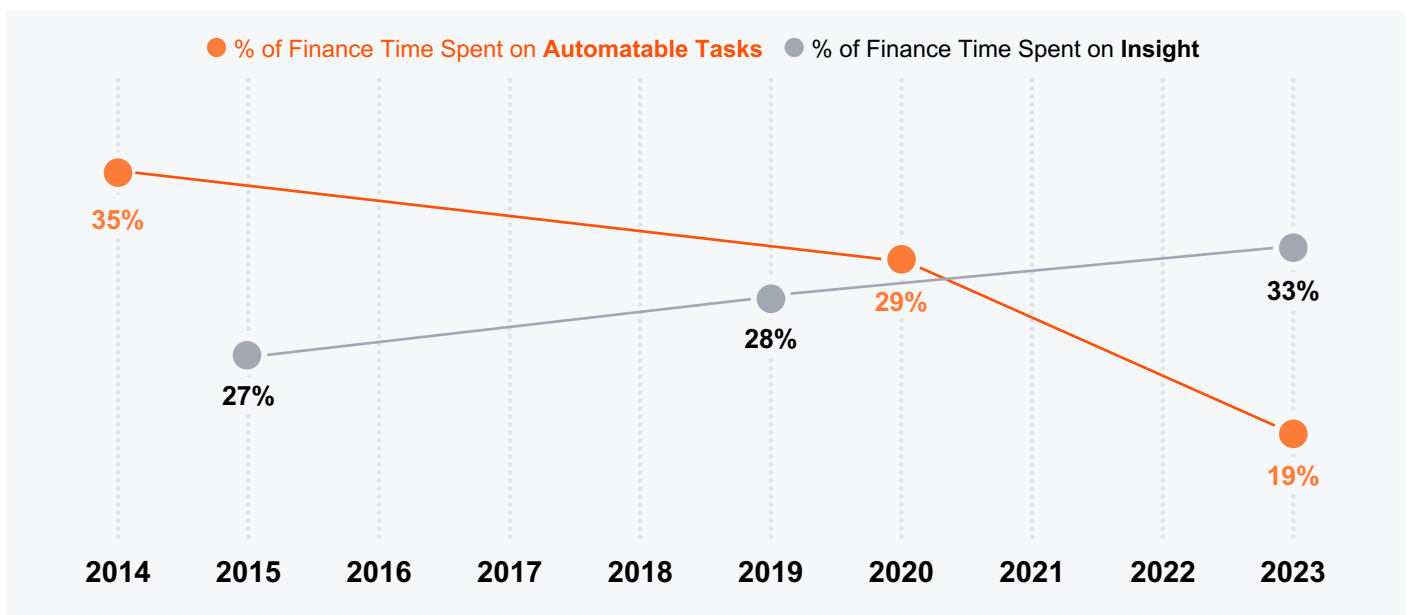
March 31, 2025

Ask almost any finance leader, and they'll say transformation usually focuses mostly on cost reduction — improving processes, automating transactions, reducing headcount and so on. That's understandable. Over many decades, finance has implemented multiple layers of efficiency initiatives, from automating transactional processes to leveraging global business services (GBS) models.

While these measures have helped reduce costs, they've also led to a potential "terminal value," with diminishing returns for many companies. This applies not only to traditional cost-cutting efforts but to finance's value to its business partners as well.

For leading companies, the definition of finance transformation has expanded to focus on generating business insights, enabling business decisions and driving enterprise strategy. PwC benchmarking data from 2014 through 2023 shows this shift with top quartile finance functions spending more time on generating insights than automatable tasks for the first time in 2020. While this validates work to increase efficiency, it poses important questions: Have leading finance functions reached their terminal value and, if so, how can finance best add value to the organization

Leading finance organizations have shifted their focus from processing transactions to generating insights

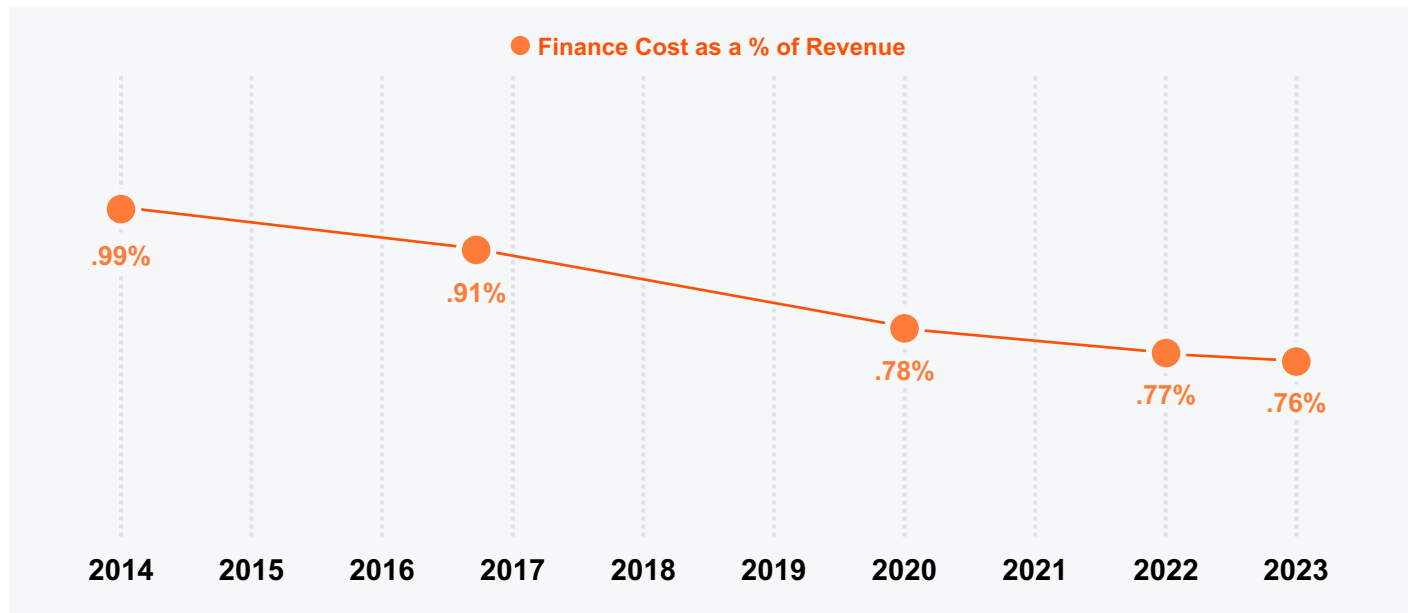


Source: PwC Finance Effectiveness Benchmarking Study

Are leading companies reaching their terminal value in cost reductions?

It's true that traditional cost-reduction measures have generally driven down the cost of finance as a percentage of revenue, with leading organizations now spending less than 0.8% of revenue on finance. But cost reduction has stalled as many companies have implemented the most available cost-reduction levers.

Top-performing finance functions have begun to reach a terminal value of cost reduction from traditional levers



Source: PwC Finance Effectiveness Benchmarking Study



In fact, PwC benchmarking data shows that incremental cost reductions from these measures have begun to flatten for top-performing finance functions, which raises critical questions:



Where can we best spend our efforts to help drive enterprise value and be a better business partner?



What new capabilities do we require and how do we get them?



Where is the next cost pool to address?



How do artificial intelligence (AI), machine learning (ML) and other new technologies fit into our overall strategy?

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For parts of E&I, this isn't a future question — the data suggests it is already becoming more immediate. In PwC's 2024 Finance Effectiveness Benchmarking Study, Industrial Products was one of the industries where the cost of finance as a percentage of revenue remained broadly stable between 2018 and 2023, while most other industries continued to reduce costs over the same period. Put simply, Industrial Products appears to be approaching a plateau in traditional cost reduction. That makes the shift to AI-driven insight generation less of a future consideration for Industrial Products finance functions and more of an immediate one.

Source: [PwC Finance Effectiveness Benchmarking Study 2024](#)

To enable more advanced capabilities and establish its value within your organization, finance should move beyond its traditional methods of transformation. This will likely require investing in new capabilities, driving a data strategy, upskilling people, and embracing nontraditional and new types of resources.

An “agentic organization” is now being discussed in which organizations can use intelligent, autonomous software agents to perform tasks and suggest outcomes traditionally handled by people — often orchestrating entire workflows across the enterprise. This enables humans to focus on strategy and creativity, serving as specialists in specific areas. It breaks down borders and boundaries with a hyper-distributed workforce, allowing finance teams to focus on insights and action.

Shift from ‘finance for finance’ to ‘finance for business’

As leading finance organizations approach their terminal value, the focus should shift to creating value through insights and driving the business strategy. This reflects the evolving role of finance as a strategic advisor to the business, providing real-time, data-driven insights that influence key decisions.

Finance functions are shifting toward a “finance for business” model, where time and effort are spent on internal and external business drivers that influence decision-making. Market trends, geopolitical factors, economic shifts and the like now have a role in CFO decisions, which also can uncover potential profit pools for the business.

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PwC research shows more and more industrial manufacturers expect growth to come from new activities beyond their historical core. By 2030, 44% of total revenue is projected to come from outside traditional industrial and consumer-product manufacturing, with technology and digital products, defense and government work, and energy and fuel production among the most prominent growth areas.

Source: [PwC - Industrial manufacturing: the race to 2030](#)

To do this, finance teams are embracing advanced analytics, predictive models, AI — including ML and generative AI (GenAI) — and AI agents to:



Deliver insights that enable faster, more informed decision-making



Provide forward-looking perspectives on risks, opportunities and future performance



Drive growth by aligning financial strategy with business strategy

This transition requires significant investment in technology, data and talent, with dollars once earmarked for efficiency initiatives now redirected to building capabilities that can generate insights. These investments also should help equip your finance workforce with the knowledge and skillsets to leverage these advanced tools, resulting in more proactive and strategic discussions with your stakeholders.

The role of automation, AI and AI agents in moving to finance for business

As automation, AI and AI agents take over repetitive processes, finance teams are freed from time-consuming manual tasks and can focus on higher-value activities. These can include forecasting future financial outcomes based on predictive models, analyzing market trends to inform investment decisions and assessing the impact of strategic initiatives through scenario modeling. As these models create multipliers for the human workforce, CFOs should shift their mindset from incremental change to helping the business bend the revenue and cost curves at a faster pace.

Automation can go beyond simple process improvement. By leveraging AI and ML, finance functions can continuously learn from data patterns and refine predictions, leading to better forecasting accuracy and a deeper understanding of business drivers.

AI-driven models can help your finance teams forecast revenue, cash flow and expenses with greater accuracy, providing a forward-looking view that helps businesses plan more effectively.

ML algorithms can analyze vast amounts of transactional data in real-time, identifying anomalies and risks before they escalate.

Predictive analytics allows finance to model multiple business scenarios, assessing the potential outcomes of strategic decisions under different market conditions.

GenAI can automate ongoing reporting while surfacing key details in customized and interactive interfaces. GenAI has recently been better positioned for inference models, with the ability to chat with your data and morph automated reporting to dynamic reporting.

GenAI-powered solutions can perform deep research rapidly, allowing for deeper understanding of topics key to your business. GenAI can enable finance functions to anticipate questions from analysts in preparation for earnings calls, where we've observed more than 90% accuracy in predicting questions.

Being able to automate transactional tasks while leveraging advanced analytics helps position the finance function as a proactive contributor to business strategy rather than a reactive processor of financial data.



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PwC's Global Industrial Manufacturing Sector Outlook 2026 shows just how much runway remains in business support functions such as finance, HR and legal: only 18% of manufacturers report using advanced technologies such as AI, robotics or automation to a large or very large extent today — the lowest of any part of the value chain surveyed. By 2030, manufacturers expect that figure to reach 68%, matching the sector-wide median. For finance teams inside manufacturing organizations, that creates a five-year window to move advanced technologies from relatively limited use into the mainstream.

Source: [Industrial manufacturing: the race to 2030](#)

Investing in insights: Flattening the curve of cost reduction



While tech investments can enable the shift to insight-driven finance, they also come with a cost. For leading companies, the curve of cost reduction has flattened because investments in data infrastructure, AI/ML tools and advanced analytics are now required to generate value through insights. This reallocation of resources is essential for finance to evolve, but it also affects the finance function's overall cost structure. In many organizations, the digital core that serves as the transaction engine still has technology and process debt that isn't fit for purpose in changing times and should be addressed to leverage the benefits of data and AI.

For companies not yet at the forefront of adopting AI and other technologies, these innovations can help accelerate bending the cost curve. Organizations can unlock new efficiencies and insights, ultimately transforming their financial operations and gaining a competitive edge.

One paradox of reaching terminal value is that even as the cost of finance as a percentage of revenue has plateaued, further tech investments may temporarily offset some of the savings generated through traditional efficiency levers. Still, the ROI from new insights gained may very well exceed the cost savings from transactional process improvements.

Building the future-ready finance organization

The future-ready finance organization integrates real-time data, advanced analytics, AI/ML and scenario modeling into daily operations, allowing teams to not only monitor performance but predict and influence it. By embedding finance deeply within business processes, equipped with the right data and disruptive technologies, your company can be better positioned to ensure that financial insights are aligned with broader enterprise goals.

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PwC's Global Industrial Manufacturing Sector Outlook 2026 points to a widening divide between “future-fit” manufacturers — those that score highest on innovation, speed to market and agility in reallocating resources — and those held back by fragmented systems and gaps in data quality, digital skills and decision intelligence. On agile, data-informed decision-making specifically, the difference is stark: 75% of future-fit manufacturers say their decision-making is usually agile and informed by data, compared with 47% of other manufacturers. The report suggests this divide could widen as the technology, capability and operating-model advantages these companies already hold reinforce one another.

Source: [PwC - Industrial manufacturing: the race to 2030](#)

To transition your finance function from a transactional, cost-focused role to one that can drive strategic decisions, invest in these key areas.



Capital allocation: As leaders in their companies' AI strategy, CFOs will need to allocate capital to help accelerate transformation. They also should evolve the mindsets of the finance function and organization overall to be bolder and more proactive in bending the revenue and cost curves.



Data and technology: Data warehouse and analytics systems, integrated financial systems and AI-driven tools are essential for creating a unified view that can be accessed and acted on at any time. Predictive models should be continually refined with high-quality data, and AI can be trained to evolve over time.

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For industrial manufacturers, the digital-core challenge extends beyond finance systems. Traditional ERP platforms remain essential as transactional foundations, but accumulated customizations and fragmented integrations can limit access to real-time operational data and constrain AI-enabled decision-making. One emerging “base plus” model retains ERP for controlled core processes while layering more agile data, analytics and cloud capabilities on top.

Source: [Industrial Products accounting and reporting insights \(June 2026\)](#)



Upskilling finance teams: The future finance professional should have experience not only in traditional accounting and financial analysis but also in data science, AI and scenario modeling. Upskilling your finance teams to work with advanced analytics tools and to communicate insights effectively will be critical. This shift can enable finance professionals to add value beyond reporting.

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PwC's Global Industrial Manufacturing Sector Outlook 2026 shows how uneven upskilling access can be inside industrial manufacturing organizations today. Fewer than half of non-managers say they have adequate access to learning resources, compared with two-thirds of managers, while psychological safety to experiment also varies sharply by seniority — 71% of executives feel safe trying new approaches, versus just 46% of non-managers. That gap matters: the same research found workers who felt supported to upskill were 73% more motivated than those with the least support. For finance functions specifically, that suggests upskilling isn't just a training-budget question — it's also about who gets access and whether people feel safe experimenting with new tools.

Source: [PwC – Industrial manufacturing: the race to 2030](#)



Agile processes for dynamic decision-making: Adopting agile finance processes helps organizations respond quickly to changing market conditions. Static budgeting and forecasting processes are no longer sufficient. Instead, finance should be able to run continuous, iterative forecasts and model various scenarios in real time. This agility ensures that finance can provide actionable insights when they're needed most, helping your business adapt and thrive amid uncertainty

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PwC's work with upstream energy operators illustrates this exact shift already underway: traditional annual budget cycles "freeze capital plans into static allocations," while leading operators are moving to dynamic, AI-enabled scenario modeling — continuously stress-testing portfolios against multiple price decks and inflation curves to create what PwC calls "living budgets." For E&I finance functions, this provides a live example of continuous planning in action within one of the sector's most capital-intensive segments.

Source: [Energy industry: capital efficiency as competitive advantage](#)

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E&I Sector Lens content compiled by the PwC Energy & Industrials team to accompany the original article.

