



**Stop the Swiveling:
Transform Finance and
Accounting with Robotic
Process Automation**

ASUG

KOFAX 

Automation is coming to finance teams—if it hasn't already arrived. According to a 2018 research report by The Hackett Group, 56 percent of finance organizations invested in some form of process automation to streamline and optimize their business processes. Additionally, a 2018 study by Accenture Strategy suggests that nearly half the tasks in corporate finance departments will be automated within three years.

Historically, finance has filled the role of a necessary, yet nonstrategic part of a business. Most companies don't consider their finance teams centers for innovation, nor do they invest in the latest technologies to help them run. As a result, finance and accounting teams spend a majority of their time working with legacy systems that aren't integrated with other systems throughout the company. These issues make many of the simple tasks finance teams do far more time-consuming than they should be. Accenture's research indicates that finance employees spend an average of 60 to 70 percent of their time on repetitive tasks.

The Greatest Asset for Finance Teams

With more than 60 percent of companies deploying artificial intelligence (AI), finance managers see significant opportunities to improve their capacity and transform their department. To achieve this transformation, finance teams need to begin producing revenue (unlikely) or reduce overhead by becoming more efficient (which is more likely). Tangible ways that finance contributes include cost reduction, process improvement, efficient reporting, cash flow management, and expense reduction.

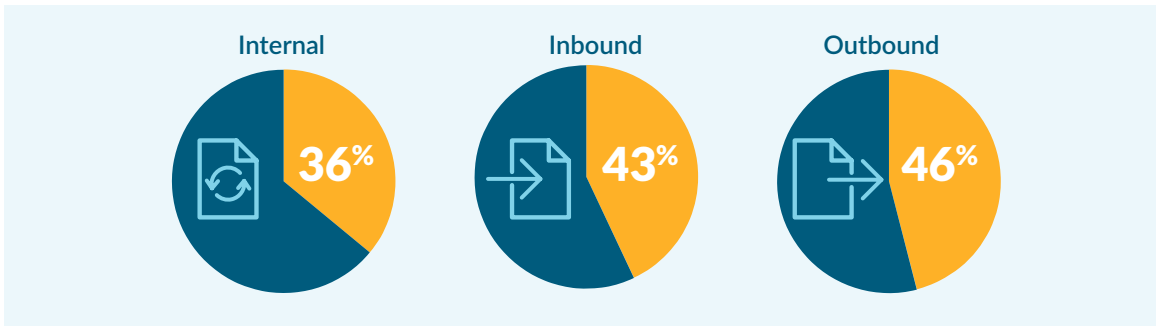
Yet the greatest improvement finance can make is in productivity, first by looking at how team members spend their time. The most significant threat to growth for finance is spending too much time completing manual processes that could be automated. As a result, many finance team members still complete calculations as they switch back and forth between technology systems—what the industry calls “swivel chair” work.

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Got Automation?

When it comes to the document flow across companies, ASUG’s research from early 2018 reveals that only **36 percent** of internal documents, **43 percent** of inbound documents, and **46 percent** of outbound documents are either fully automated or have limited automatic interventions. These automation gaps represent opportunities to optimize financial processes.

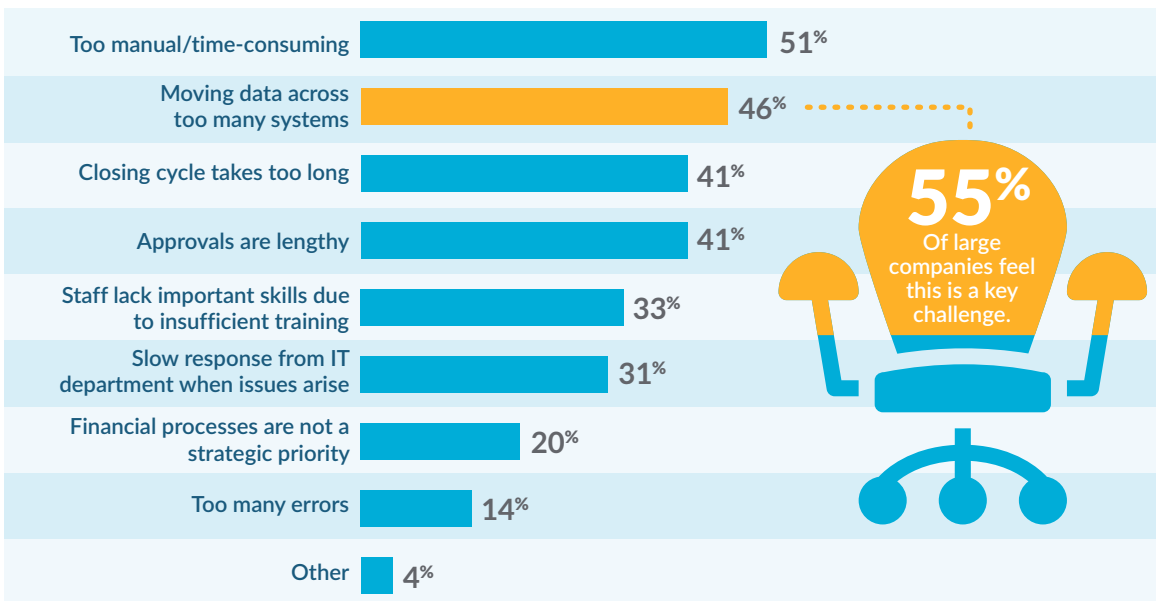
Figure 1: Levels of Automation in Document Management Processes



ASUG research conducted January 2018, n=151

When it comes to financial processes, manual is often the preferred way. ASUG research from late 2017 shows that spreadsheets are the primary method of handling revenue recognition accounting or lease accounting. And when asked directly what challenges finance professionals currently face within financial processes, the top answer was that the tasks they perform are “too manual/time-consuming.” This is followed, not surprisingly, by “moving data across too many systems,” or swivel chair work.

Figure 2: Challenges Within Finance Processes



ASUG research conducted August 2018, n=123



Our research reveals that enterprises are experiencing excessive swivel chair work. The team members most affected by this challenge have decision-making authority or influence on finance technology purchases. Decision-makers and managers at the companies we surveyed are taking time away from their strategic work to complete swivel chair tasks. Swivel chair work clearly is not the best use of a manager's time.

Manual processes in finance also are a barrier to innovation. Those who self-identify as innovators—individuals who spend at least half of their time planning for the future—are significantly more likely than executors—individuals who spend half or more of their time executing on current strategies—to view manual financial work as a challenge. Now that the finance department is encouraged to contribute to corporate goals, this challenge is one that companies should address. For finance departments tasked with optimizing workflows and driving effective change management, there's an opportunity to gain a competitive advantage by improving these processes using automation.

Two Solutions to Automate Financial Processes

Two options for process automation include robotic process automation (RPA) and cognitive document automation (CDA), leveraging capture, analytics, and AI to transform financial processes.

Robotic Process Automation

RPA is intelligent software that works in areas of your business that fall between other established process automations. Linda Tucci, executive editor at TechTarget, defines it as “software that can help automate mainly back office work that is rules-driven, repetitive, and involves overlapping systems: Think tasks that search, gather, collate, and update data.”

Put another way by professors Mary Lacity and Leslie Willcocks in a *Harvard Business Review* article, RPA “can be made to perform the kinds of administrative tasks that otherwise require stopgap human handling—for example, transferring data from multiple input sources like email and spreadsheets to systems of record like ERP and CRM systems.” In essence, RPA plugs the holes between larger processes that are partially automated, and it does so in areas that traditionally have required a lot of data entry and swivel chair work between multiple systems.

For finance tasks, RPA automates general ledger account setup or posting allocation journal entries. On the accounts payable side, companies often have to use a portal to download and submit invoices to accounts receivable. Finance professionals can extract only a few hundred invoices each month, so this process tends to remain manual because it's perceived to be costly and time-consuming for IT to build an integration to manage it. In reality, business users can build robots using specific business rules to tell the robot what tasks to perform.

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Cognitive Document Automation

CDA is a type of AI that leverages natural language processing, text analytics, semantic technology, and machine learning to address business processes such as customer satisfaction, operations, and compliance that contain complex inputs and outputs. CDA simplifies the process of multichannel capture for a company's documents, while eliminating manual entry and the transfer of work across multiple systems.

CDA works hand in hand with RPA. RPA does the repetitive "hand work" of processing electronic data, while CDA does the intelligent "head work" of understanding what the document or email contains, what it's about, and what to do with it. CDA automates the capture, extraction, validation, and classification of documents, while RPA captures electronic data in any format, integrates data with back-end systems (like your core ERP), and closes the gaps within data-centric tasks. Because these two types of automation are synergistic, they reduce or eliminate manual data entry. This can help companies reduce both errors and costs, while boosting efficiency.

How Process Automation Stops the Swiveling

KPMG's Cliff Justice sees big things ahead for RPA, saying, "This shift to robotic process automation—which digitizes labor through the use of advanced machine intelligence, engagement, analytics, big data, social media, mobile technologies, and cloud computing—will change the knowledge worker labor market as we know it." RPA frees employees from performing manual, repetitive tasks, while it eliminates errors and delivers better data accuracy across finance and accounting.

RPA can apply machine learning to learn the repetitive steps each employee takes and mimic them over time, allowing employees to leave labor-intensive work to the software and focus on high-value, strategic projects within the finance department.

Other benefits of process automation include:

- **Speed:** Robots can work much faster and longer than human workers.
- **Scalability/flexibility:** RPA and CDA can be reconfigured easily to respond to business growth or changes.
- **Agility:** Using RPA and CDA together does not require significant changes to a company's technology infrastructure.
- **Integration:** RPA and CDA integrate seamlessly with many legacy systems, so those not ready to make a transition to SAP S/4HANA Finance (or other advanced systems) can still take advantage of this technology. Given the ASUG community's struggles with integration and integration support, especially for cloud systems, this could be a vital win.

What Is CDA?

Cognitive document automation (CDA) automates the processing of unstructured data contained in documents and emails. From sales orders or invoices and enrollment forms to claims, contracts, and correspondence, CDA can process any document of importance to any business process.

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Beyond enjoying these benefits of automation, companies can see quantifiable returns in short order. Process automation can eliminate the need for multiple tools, **reduce cycle times by 30 to 50 percent**, and ultimately deliver a solid return on investment. Using leading technologies like AI and machine learning to lower costs and redirect employees to critical tasks is a finance strategy that management could get behind.

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Improvements to Specific Processes: P2P, Q2C, and R2R

RPA and CDA can help a variety of functions or departments that use procure-to-pay, quote-to-cash, or record-to-report structures. Here are some areas where RPA can remove manual work and connect any gaps.

Procure to Pay

- **Supplier onboarding:** A robot can gather data on the supplier, such as address validation or tax ID information. It also can collect invoice data and store it within your company's ERP.
- **Master data management:** RPA can give organizations a single source of truth by managing the many data sources from siloes and legacy systems that lead to data duplication and errors. RPA creates an environment that encourages proper data governance and greater data integrity.
- **Portal queries:** RPA can help customers connect various supplier portals and set up defined workflows to extract documents—such as invoices and logistics or shipping records—and integrate these into the ERP or other systems of record.
- **Contract compliance:** Rather than forcing employees to read through vendor contract language to make sure these contracts are compliant with internal standards, CDA and RPA can scan them to verify whether they meet relevant standards and regulations.

Quote to Cash

- **Customer onboarding:** Similar to supplier onboarding, robots can validate customer information needed for proper invoicing, payment automation, and credit checks.
- **Supplier price comparisons:** RPA can help source up-to-date supplier pricing. While preparing quotes for goods or services, companies can offer customers an accurate picture of their inventory and honor contracts from a sales perspective. A robot can collect this information and put it all into the quote quickly, allowing human workers to spend time on other areas of the contract.
- **Delivery reconciliation:** Rather than hand-reconciling delivery notices with purchase orders to validate completed shipments, CDA and RPA can scan and approve all matching orders and notify an employee only when there's a discrepancy.



Record to Report

- **Data extraction for accounting close:** Different portals or systems across a company might be logging transactions in various journals. RPA can consolidate all of these transactions and reconcile them within your ERP to meet your accounting close expectations and deadlines.
- **Identifying duplicates:** When duplicate payments are pushed through the system, it can take a lot of work to track and reconcile them. But RPA can immediately flag duplicate transactions and automatically notify a staff member to address the problem. This significantly reduces the time needed to run an accurate financial close process.
- **Supporting financial close:** Many subledgers and financial filings live in Microsoft Excel spreadsheets, which can be tedious to transfer data from during financial close. RPA can simplify and automate this process via a workflow that can be scheduled to coincide with each interval of the financial close process.

A Winning Investment

These proof points and benefits confirm that CDA and RPA are helpful contributors to a successful digital transformation strategy for finance teams. ASUG members looking to move their finance departments—and business—into the future should consider the efficiencies automation can bring.

To get started, target the areas that can have a real impact on your finance team and your business overall. Identify the goals you wish to attain (e.g., lower cycle time, cost reduction). Next, build a business case for adopting CDA and RPA where it can help make a strategic impact, and set your finance team up for success.

ABOUT ASUG

Founded in 1991 by four pioneers who understood the potential of SAP software, America's SAP Users' Group (ASUG) today is the world's largest independent SAP user group with 2,400-plus corporate members. ASUG's mission is to help our members maximize the value of their SAP investments. So no matter where you are on your SAP journey, ASUG is here to help you navigate every step of the way. Find membership information at <https://www.asug.com/join>

ABOUT KOFAX

Kofax is a leading supplier of software and solutions to automate and digitally transform human- and information-intensive processes across front- and back-office operations. These can dramatically improve customer engagement, greatly reduce operating costs, mitigate compliance risk, and increase competitiveness, growth, and profitability. Its broad range of software and solutions can be deployed in the cloud or on premise and include RPA, business process management, multichannel capture, and other critically important capabilities. These provide a rapid return on investment to more than 20,000 Kofax customers in financial services, insurance, government, health care, supply chain, business process outsourcing, and other markets. <http://www.kofax.com>

