

Now is the time for RPA

Finance is under pressure to add value at pace. Could automation be the answer?

With pressure across the board in almost all organisations, ensuring the finance team is as productive and valuable as possible is a challenge. On top of that, a recent survey by Gartner found that 73% of finance teams were under pressure to be faster.



Could the answer be Robotic Process Automation? This article looks at what it is and provides examples of how finance can harness it to their advantage.

What is Robotic Process Automation (RPA)?

RPA is a fast-developing technology that uses bots (a software application that runs automated tasks) to mimic human interactions with the user interface of a computer. It can automate tedious, error-prone manual processes, freeing up time for the team to do higher-value work. In many situations, to configure or use RPA, there is a low dependency on IT resource.

Characteristics of processes that could use RPA

There are several characteristics to look out for in the processes ripe for automation:

- High in volume and repetitive
- Rule-based

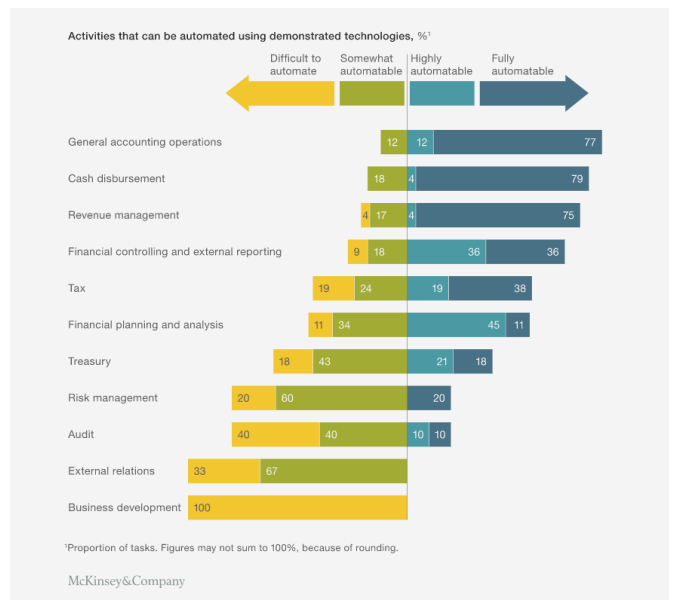
- Limited exceptions
- Readable inputs

“If a process has these characteristics, it will be a candidate for RPA,” said Manish Sharma, Vice President, Asia-Pacific, Servicetrace, a leading provider of innovative Robotic Solutions. “Processes with high transaction volumes or routine periodic processes, with steps that can be modelled or predicted and that have a low level of complexity. Common examples of readable electronic inputs are Word, Excel, XML, PPT or PDFs.”

The opportunity in finance

Many finance processes have remained unchanged for years. Some are manually intensive and error-prone, consuming considerable time and effort of experienced and highly qualified staff.

In research performed by McKinsey (see below), they looked at the potential for RPA in finance and concluded that there is a huge opportunity to exploit.



And yet, when we speak with finance professionals, only a few have embraced automation. There are two main reasons for this internal inertia. The first is the barrier of legacy solutions. These are often high cost, long-term investments, such as ERP solutions, that lack functionality and capability, and that would cause significant disruption to replace. The second is an understanding of what can be achieved by RPA.

GENERATION CFO

The top six finance processes to automate

"We have already deployed RPA solutions to support a broad range of processes across the Finance function," said Manish. "Procure-to-pay, order-to-cash and treasury management activities, there are many options."

Let's look at examples of where we have seen RPA have an impact on finance:

• *Accounts Receivable (AR)*

Many AR teams are still traditional in the way they operate, performing many tasks manually. We can revolutionise the credit control process by using RPA to monitor debtor activity and automate emails or statements to customers, perhaps triggered by an event or date. Where we have also seen considerable productivity improvement, and a reduction in error rates, is the posting and matching of cash received.

• *Accounts Payable (AP)*

AP teams tend to mirror AR in many respects. Most still maintain traditional manual processes to match purchase orders and invoices. You can automate this time-consuming task if you can apply rules to it, although this may require some OCR capability to read invoices unless they are electronically received.

• *System maintenance*

We often overlook system maintenance as a task that consumes significant time within the finance team. As a result, it gets forgotten as an area for improvement. Examples of this are new GL codes, customers or suppliers. For large businesses, a high volume of new master file records is common. This is a classic area where RPA can help. The speed far exceeds that of a human and with less risk of error. To take it further, why not add in a validation step, perhaps checking a VAT number against a central database, or sending an email to someone for approval?

For those organisations who have multiple ERPs or multiple companies on one ERP, opening and closing periods, or performing other roll-over steps, can be painful. Again, a process that meets all the characteristics of automation.

• *Reconciliations*

Our research shows that reconciliations are still rife within finance, whether agreeing two systems (e.g. fixed assets) or reconciling an account within your GL. This consumes a vast amount of time, often repeated month after month. And yet, many of these tasks follow specific rules and logic that could be performed automatically. Yes, this may require changes to the way you post things to the GL. But imagine the time you could free up.

• *Process period-end adjustments*

There are two aspects to this: calculating the adjustment, perhaps an accrual or prepayment, and the physical posting of the journal to the ERP solution.

Many organisations will extract data from their GL's, load this into Excel and use this to calculate adjustments. If the calculation rules are well defined, you can automate this. However, what can be automated is the journal posting itself. With technology advances that have taken place, should we manually post journals?

• *Intercompany*

I have left this subject to last for two reasons. First, it is not required by all organisations. Secondly, it brings back the most painful memories of all the topics discussed. The intercompany agreement process has several tasks that can be automated, such as the communication of balances between organisations, traditionally manually driven via emails or the matching or reconciliation itself. Automation could play a massive role in improving this process; something many finance professionals would embrace.

There is so much more potential

I have merely scratched the surface in terms of what you could achieve with RPA. The processes mentioned are the easy places to start. Remember, the productivity improvement from each task may be small. However, when you look at them in totality, they soon add up and make a huge difference.

"And do not forget the other benefits that accrue," added Manish. "Where we have implemented our Servicetrace RPA platform, we have also seen a reduction in errors and less risk. Manually driven processes can easily introduce human error and an element of risk into what are already critical business activities."

Most importantly, we create time for the finance team to add insight and value. RPA is a low cost, low risk, low disruption option that leverages on your legacy solutions. It is a win-win opportunity – so what are you waiting for?

This article is sponsored by Servicetrace – automating the world's most complex enterprise processes.

Visit www.servicetrace.com to learn more about Servicetrace and its X1 Enterprise Robotic Process Automation platform.

