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BOTS AND THE BALANCE SHEET: HOW RPA UNLOCKS BENEFITS FOR THE OFFICE OF FINANCE

Part Two – Identifying the tasks that will unlock the most immediate RPA productivity gains for Finance

In Part One of the Servicetrace 'How Bots Impact the Balance Sheet' white paper series we identified how Robotic Process Automation (RPA) is key to helping the Office of the CFO unlock digital transformation across its activities. In this white paper – Part Two – the focus shifts towards identifying those tasks that are best placed to help unlock productivity benefits for the Finance function.

In selecting which tasks are most appropriate for RPA deployment, CFOs and their team should start by looking at simple rules-based Finance activities. Typical target characteristics here would include structured data entry, high transaction volumes, processes that can be mapped by clear, logical rules and that are repetitive. Other factors to consider are whether the process rarely changes and if it is typically error-prone.

Challenge: Just how much time does the Finance team spend on mundane, routine tasks?

First it's important to understand just how much time Finance team members actually spend transacting manual operational processes. These generally involve a mix of digital and paper-based document processing, require frequent manual data re-entry, and have complex compliance and storage requirements. As a result, they are typically repetitive and mundane.

In the latest CIMA and Servicetrace Global Survey, responses showed that just 15% of organisations had a Finance team that was able to complete its manual operational tasks in under five days a month. Around a third of those polled said these activities took between five and ten days per month, while over 25% reported that these transactional processes were accounting for over half the month. Because so much of a Finance employee's time can now be spent on manual, repetitive tasks, these activities can easily introduce human error and an element of risk into critical Finance processes.

How much time does your finance team spend on existing manual operational transactional processes that are often mundane and very repetitive?
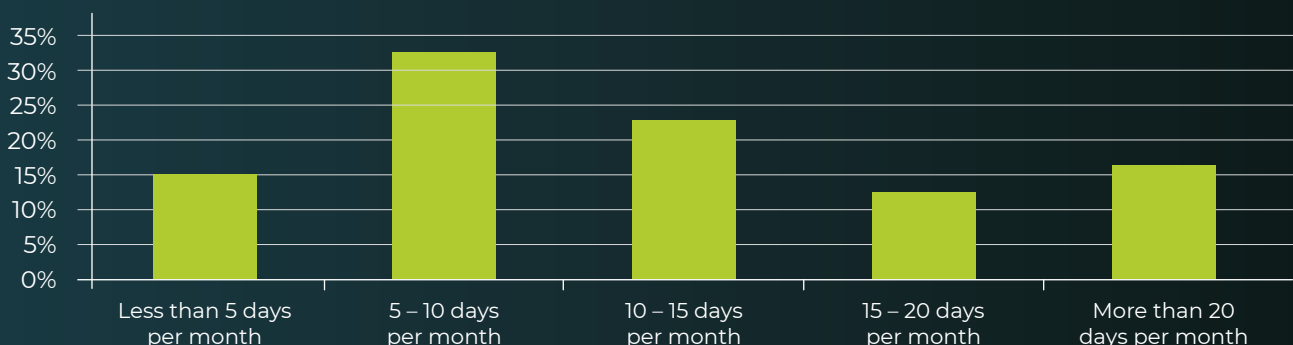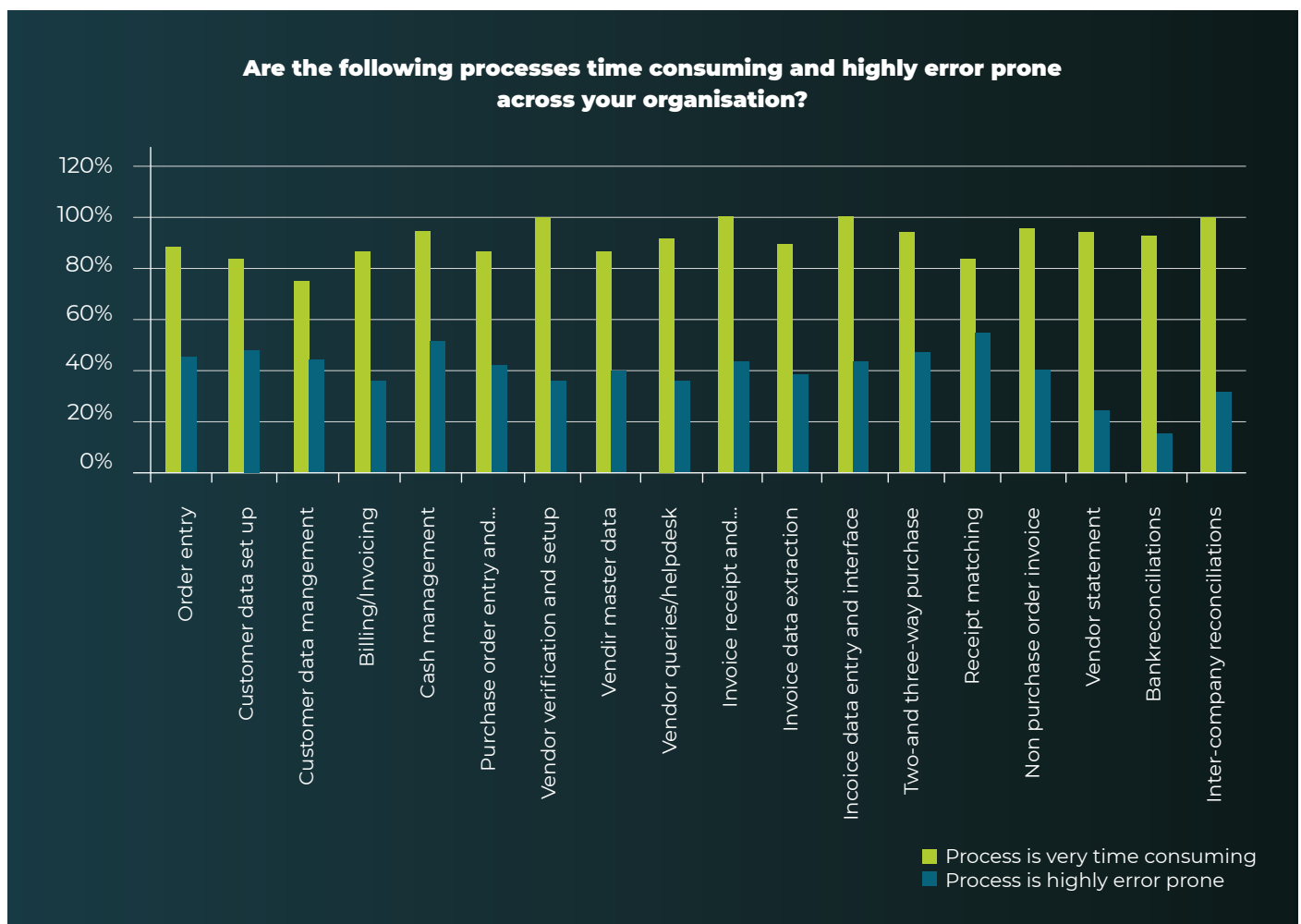
CIMA and Servicetrace Global Survey Oct 2020

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Solution: How Robotic Process Automation (RPA) can help the Office of Finance?

RPA automates routine Finance processes through the deployment of software robots to replicate specific actions that team members would otherwise have to take. It works by handling repetitive activities – such as extracting data from physical documents, switching between and sharing information with multiple applications, and also 'learning' as a process progresses. For the Office of Finance, RPA clearly has an important role to play in transforming key Finance processes - especially those executed in volumes.

The CIMA/Servicetrace Global Survey asked CFOs, Finance Directors and Financial Controllers which were the most time-consuming processes across the Office of the CFO. Respondents were also asked to identify those activities that they felt were the most error-prone. Invoice-related administration was cited by all respondents as a key concern, with bank and vendor statement reconciliations also listed by over 95% of participants.

In terms of error-prone tasks, over half of those queried referenced receipt matching as particularly open to mistakes. Cash management was mentioned by 50% of those surveyed. Two and three-way purchase order/invoice processing, invoice receipt and classification and customer data set-up were also referenced by over 40% of those questioned.

RPA takes on board the transaction of these kind of manual processes at scale – either handling complete workloads or augmenting and accelerating the output of the existing Finance team. As a result, adopting Robotic Process Automation can help the Office of the CFO increase operational efficiency, reduce manual errors and unlock time to focus on higher value, more strategic activities.
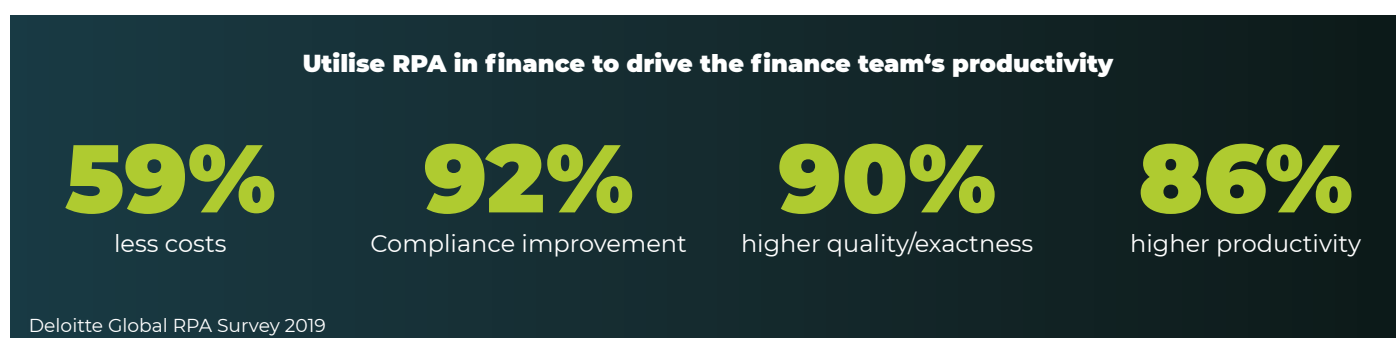
Are the following processes time consuming and highly error prone across your organisation?

Legend:
- Process is very time consuming
- Process is highly error prone

X-axis categories: Order entry, Customer data set up, Customer data mangement, Billing/Invoicing, Cash management, Purchase order entry and..., Vendor verification and setup, Vendir master data, Vendor queries/helpdesk, Invoice receipt and..., Invoice data extraction, Incoice data entry and interface, Two-and three-way purchase, Receipt matching, Non purchase order invoice, Vendor statement, Bankreconciliations, Inter-company reconciliations

Benefits: Key characteristics of RPA-suitable Finance processes

Identifying processes that are applicable for RPA within the Office of the CFO is directly related to the levels of subjective judgement required to complete each activity. Basic data input, for example, involving the extraction of data from several applications and the mining of emails, files and folders would be relatively straightforward. These activities could potentially unlock an FTE reallocation/reduction rate of between 60-80%.

A more complex business process, such as applying business rules based on formalized principles and guidelines, would require much more subjective judgement. As a result, this might secure an FTE reduction rate of between 20-40%.

Research firm Gartner projects that RPA has the potential to eliminate around 20% of the non-value-added tasks currently undertaken manually within the Office of the CFO. Deloitte Global echoes this productivity opportunity, citing cost reduction, higher productivity, more precise results and compliance improvement as key potential gains.

Utilise RPA in finance to drive the finance team's productivity

59%	**92%**	**90%**	**86%**
less costs	Compliance improvement	higher quality/exactness	higher productivity

Deloitte Global RPA Survey 2019

If Finance can automate these tasks, the time created will allow them to focus on adding value and creating significant benefits to the organisation. Indeed, when asked by KPMG to identify key areas for target improvements through process automation, over 40% of CFOs cited freeing up staff for more strategic activities as a key focus.

RPA – start with simple rules-based tasks and progress towards more complex Finance processes

Adopting RPA should be a gradual process for Finance teams, beginning with simple rules-based Finance tasks and progressing towards more complex applications as users become more familiar with RPA capabilities. Following a phased approach makes sense as some processes will require more advanced decision support and extended levels of automation.

That's why a more comprehensive approach to Robotic Process Automation – such as that offered by Servicetrace - is particularly important. This kind of platform-based RPA solution enables Finance teams to systematically work through their core activities, initially automating the more rules-based repetitive processes before focusing on more complex tasks.

Servicetrace – enabling Robotic Process Automation for Finance

Servicetrace is a leader in the provision of Enterprise Process Automation solutions. The company has a track record of continued Robotic Process Automation (RPA) innovation and customer success since it first began developing software robots and automation solutions in 2004.

The company's RPA solutions are deployed across multiple industries, with many of the world's leading organisations.

For more information, visit **www.servicetrace.com**

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