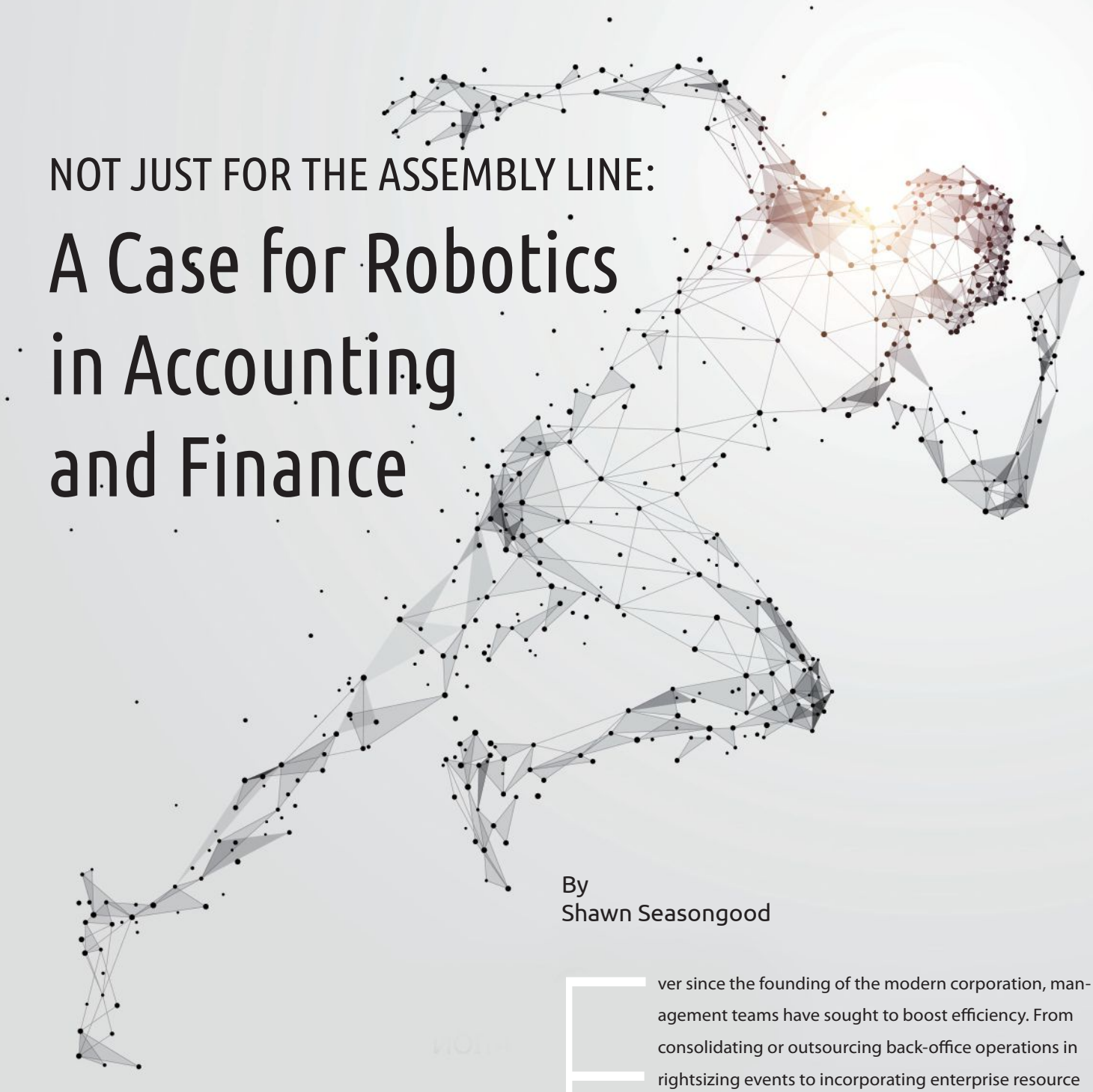

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NOT JUST FOR THE ASSEMBLY LINE:

A Case for Robotics in Accounting and Finance

By
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Ever since the founding of the modern corporation, management teams have sought to boost efficiency. From consolidating or outsourcing back-office operations in rightsizing events to incorporating enterprise resource planning and data management systems for managing operations in real time, the best companies have always stayed ahead of the curve in seeking ways to wring out redundancies and associated expenses.

From the finance department's view, the push for more efficiency is part of an ongoing "finance transformation," wherein CFOs and finance executives are evaluating new ways to bring business intelligence, data analysis and more effective forecasting to their

organizations. At its core, finance transformation is a journey in which the finance function evolves to become a valued business partner by improving service delivery, cost efficiency and compliance.

A growing number of finance departments are pursuing changes to streamline their business operations.

Today those efforts are increasingly leading CFOs and finance executives to explore robotic automation software solutions. Just as companies as disparate as automakers and semiconductor manufacturers have used robots to perform mundane tasks for hours on end, so can a wide range of companies use robotics to execute routine "white collar" administrative tasks. For example, individuals performing finance and accounting duties often spend significant amounts of time on repetitive, low-value duties. In fact, a segregation of duties already exists for the deployment of robots in those settings: robotic process automation (RPA) and robotic desktop automation (RDA).

RPA and RDA tools both use automation software to perform tasks such as processing sales and financial transactions, managing data, communicating between different systems, and access management, as well as monitoring and reporting. Lower costs, greater efficiency, improved analytics capabilities, and greater performance and quality standards are among reasons business analysts view robotic automation as the next wave of significant disruptive technology. In their view, it will eventually become part of most functions in organizations across the globe.

How They Differ

RPA is tailored for repetitive back-office jobs that typically are not client-facing. Usually the tasks are operational and span a wide spectrum of functions, including determining credit decisions, loan underwriting, insurance underwriting, insurance claim adjudication, payment processing, customer service delivery, accounting data entry and procurement, to name a few activities.

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RDA, on the other hand, is typically used in retail, call center and other back-office operations where individual employees leverage an assigned robot to perform specific duties. Some of the tasks may include providing an immediate consolidated snapshot of customer data, confirming internal regulations to ensure data input and processes are complete and accurate, and measuring worker productivity. Ultimately, the idea behind RDA is to reduce the number of manual tasks associated with accessing multiple and disparate systems and allow accounting and finance staff to use a higher set of skills to focus on more advanced and complex activities.

Benefits Tailored for Today

Adopting robotic automation makes sense for any organization looking to improve efficiency, but companies that are outsourcing certain responsibilities to regions with low-cost labor, in particular, stand to reap the benefits of a more effective and less expensive strategy in robotics. Consider that robots can operate all hours of a day, every day of the year, after all. Not only does that allow the continuous performance of processes and services, but it also generally provides improvements in customer response and satisfaction.

In addition, robotic automation is not prone to human error and no training is required, which reduces risk and saves time. Robotic automation completes simple jobs with minimal expenses related to salaries, overtime, benefits and overhead costs. The cost of licensing a robot is also much lower than the compensation for a full time worker.

Effective management teams are constantly searching for ways to reshape their organizations, and, in the modern day, companies have typically gravitated toward adopting a progression of digital business intelligence solutions as technology has advanced. The need to evaluate cost centers and processes has been even more pronounced in the long-running environment of slow economic growth, low interest rates, and increasing competition

for customers and qualified employees. Robotic automation is becoming a proven solution that helps achieve these business goals and enhances organizational performance in the following ways:

• ***Reduce cost and improve profitability***: Moving to robotic automation can eliminate manual processes that waste time and resources. Subsequently, margins will improve thanks to significant cost savings versus the outsourcing alternative.

• ***Move personnel to activities with higher revenue-generating potential***: The flexibility of robotic automation allows robots to work alongside employees or to take over an entire process. In either case, accounting or finance professionals can better use their freed-up time to undertake higher-level tasks and strategic initiatives. However, companies will pocket the greatest cost savings by leveraging robotics to complete repetitive, highly transactional jobs that don't depend on human judgment and are time-consuming for workers.

• ***Support shared service centers that are often outsourced***: Robots interact with systems and applications in the same way individuals do at a shared service center. Thus, they reduce reliance on the service center or eliminate the need for it. Robotic automation also diminishes disadvantages created by time zone restrictions, a common drawback associated with shared service centers.

• ***Service delivery improvement for internal customers***: Robotic automation can quickly execute tasks that, in the alternative, would consume thousands of staff hours. Accounting and finance teams, in particular, could relegate repetitive jobs to RDA or RPA, which would boost the frequency and efficiency of necessary processes.

While the pursuit of such efficiencies is hardly new, robotic automation is providing a fresh way to help CFOs and financial executives reach their performance goals. The fact that robotic automation can sync up with other application software without considerable integration or coding provides even more benefits. That is of particular importance to finance and accounting operations as well as banking and insurance functions.

Learning how to use and update robotic software is relatively easy for employees with a finance or accounting background, because the programs are designed to interact seamlessly with preexisting systems, do not require intensive information technology support, and are more intuitive than running conventional Structured Query Language databases.

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Moving from Evaluation to Implementation

While RPA and RDA solutions are worthwhile for organizations of any size, perceptive leaders recognize that in some cases trying to identify and prioritize the best-suited tasks for automation can be a struggle. Consequently, executives should consider employing methodologies that can help them justify which processes should take precedence when incorporating robotics. Such an approach also will provide back-office supervisors with the clarity they need to create a baseline blueprint for automation implementation.

Arguably, the most effective way to launch a robotic automation program is to map out entire end-to-end processes. The next step consists of identifying potential opportunities to streamline each process with a critical but unbiased point of view. From there, companies can determine which functions are the best candidates for robotic automation and begin to tally the potential savings in cost and time.

For example, an international financial services company recently followed a "fit-for-purpose" methodology designed to yield logical priorities. In this case, the enterprise ultimately used the methodology to measure efficiency savings in annual hours if it did indeed adopt robotic automation.

The organization first undertook an evaluation of its processes to determine whether they were viable robotic automation candidates using the following criteria, which any company can apply:

• ***Automation is logical***: Do the process descriptions or activities include logical elements that can be programmed into a software solution? Candidates could include performing calculations, conducting variance analysis, reconciling data and systems, and reporting. Usually, any activities that require professional judgments, writing or communicating are not ideal choices.

• ***Maturity of process***: Has the function been repeated over multiple periods, and do management and other leaders have ample experience with the program and a strong knowledge of its execution and results? Are there process summaries or control descriptions that document the activity and outcomes? Repeatable and sustainable processes that have been executed for long periods, and for which there is institutional knowledge, make the most likely candidates. New activities with little performance history or documentation are less attractive.

• ***Availability of data***: Do data elements supporting the processes exist in IT systems with minimal or no manual intervention? Is data coordination limited to one or two information technology systems? The best candidates under these criteria include enterprise resource planning, business intelligence and accounting solutions that provide data with little manipulation necessary. Information that must be pulled from several different systems and require specialized handling by designated personnel are not viable choices for robotic automation.

• ***Business value***: How many hours does the process consume on an annual basis, and how much of that time could be spent on activities that would produce a greater benefit? The functions where robotic automation can generate the highest amount of savings are the most obvious candidates.

The successful adoption of robotic automation still faces challenges, particularly during the implementation phase.

To further enhance the prioritization of robotic automation opportunities, companies can rank the importance of automating the processes as high, medium or low, in accordance with the criteria stated above. The organization that applied the described methodology detailed earlier also considered the locations where the processes were performed to take into account potential savings by automating operations in high-cost regions. This company then evaluated the automation candidates and ranked them based on estimated time savings.

One process the company identified for robotic automation— tax consolidation — saved more than 2,800 hours in time alone. The move also reduced expenses and the risk of operational errors while freeing up resources for more complex undertakings.

Building a Robotic Culture

Even after taking the appropriate steps, the successful adoption of robotic automation still faces challenges, particularly during the implementation phase. Typically issues arise when companies overlook the extent to which stakeholders have "bought into" the new system or have prepared for it.

Executives that fail to take ownership of the concept, for example, will likely stymie cross-functional implementation. To avoid that problem, companies can appoint an executive to secure the financial support to not only employ robotic automation, but also to provide the appropriate resources needed to drive change.

Similarly, companies need to establish a dedicated, cross-functional team, accountable to an executive sponsor, and task it to examine processes for automation, develop requirements and report progress.

Another potential pitfall centers on the failure to apply finance controls as processes are automated. Corporations can dodge that issue by ensuring controls are in place in the newly automated system, and that management develops and approves process maps before migration to automation begins. Functional areas and individuals are typically accountable for maintaining these controls.

Companies also need to designate at least one full-time employee — or preferably a team — to monitor the robotic

automation software so system breakdowns are addressed quickly, rather than ignored for lack of a plan. The employee or team also needs to respond to general inquiries from users and perform routine audits to confirm the robotic process is running as expected.

Companies that fail to develop a plan to redirect freed-up staff could miss out on a key benefit of robotic automation. Developing a comprehensive change-management plan as well as updating the organizational structure as necessary will allow organizations to redeploy staff and resources efficiently. Process maps and operating procedures also should be brought up-to-date to reflect the new roles of affected employees.

Likewise, not explaining fully how robotic automation will affect all cross-functional groups can result in the lack of a broad buy-in. Companies can avoid that trap by establishing a communication strategy that is part of the overall change-management plan to ensure that all users are tied to the success of the program.

In a related matter, companies should test the robotic automation software thoroughly before it goes live. If an organization fails to test it and issues crop up, errors could multiply quickly since the program runs continuously.

Once a company has employed its methodology to identify processes best suited for robotic automation and taken steps to mitigate risks and challenges, it needs to identify the owner of each process and the sequence for amending the automation logic.

The business function under which the activity falls in most cases should be considered the sole owner of the process. It should also take responsibility for establishing how and when the logic needs to be updated, including instituting checks and controls to make sure the program is running accurately. In terms of process support, the IT function that may have a relationship with the software provider — or that is responsible for the hardware supporting the software — is typically a key partner in the system.

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Maintaining an Edge

In most industries, disruptive technologies are emerging on what seems to be a daily basis. Swift business transformations have put a premium on performance in terms of the time it takes to move goods and services to market, product quality, cost, and innovation — and of course, the accounting and finance tasks supporting these efforts. Robotic automation interacts seamlessly across an organization and helps companies satisfy those demands, while using the new standardized processes to facilitate a greater measure of control through more precise monitoring and reporting. Subsequently, employees can focus on innovation, strategy and customer needs as they are freed from inefficient, repetitive manual tasks.

Furthermore, the climate to recruit and retain top accounting and finance talent is as competitive as ever, and robotic automation can help in that area, too. Companies adopting automation to complete repetitive manual duties can provide alternative staffing strategies more easily, such as part-time arrangements and flexible workweeks that may attract a larger pool of qualified professionals. Conversely, employees that want to maintain full-time schedules can spend time saved by robotic automation on more meaningful and productive tasks.

Regardless of company size, competition or staffing strategies, continued growth in business requires innovation and efficiency. To accomplish those goals, organizations will increasingly turn to robotic automation to take on accounting, finance and other administrative tasks across their operations.

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