

TRANSFORMING FINANCE OPERATIONS WITH PROCESS AUTOMATION

How to build a high-performing finance operations function that transforms the entire organization.

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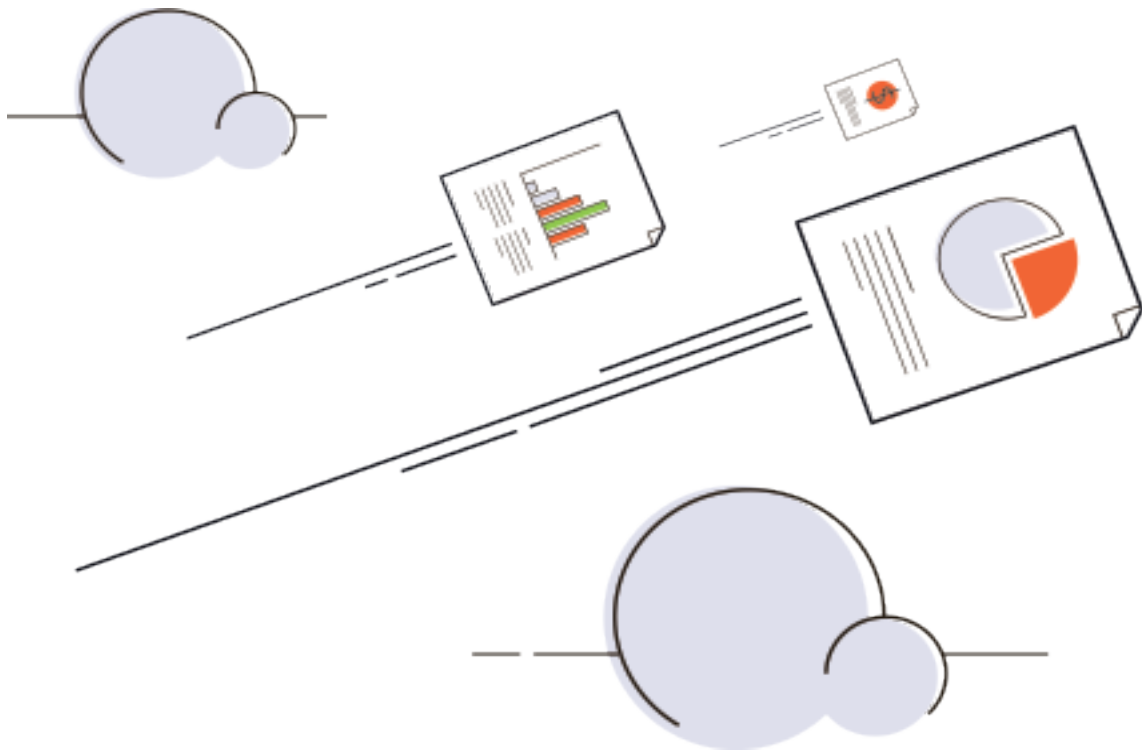
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Section
01

Introduction to Process Automation

The Pay-Off?

Finance should lead the effort to improve operational efficiency and profitability. This eBook explains the critical role of process automation in your efforts and how to implement it.

Process Automation

Pick-up any business magazine and you are sure to find something on Business Process Automation or Process Automation.

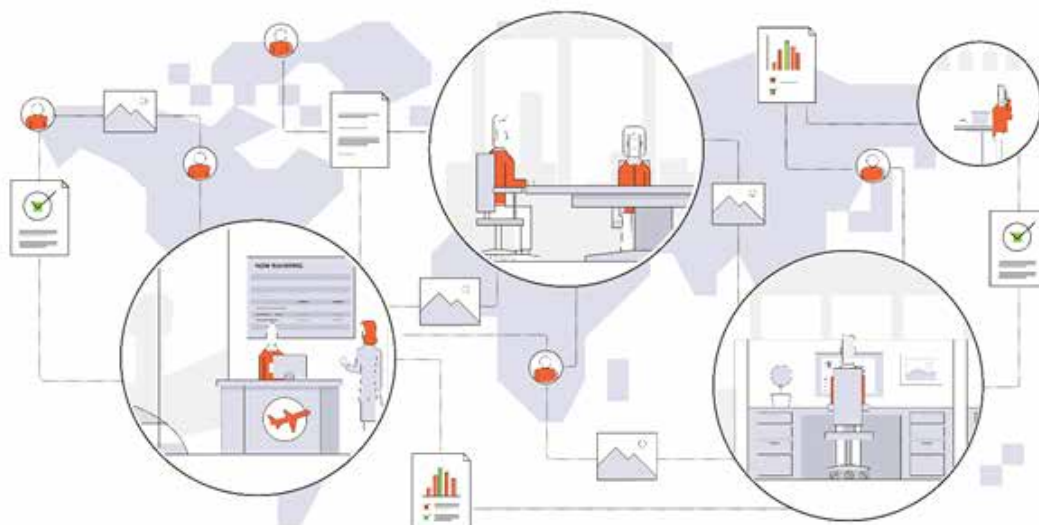
So what is business Process Automation (PA)? You will find several credible definitions from Wikipedia, Gartner, and of course, the many of the automation software vendors. The key themes in all these definitions include:

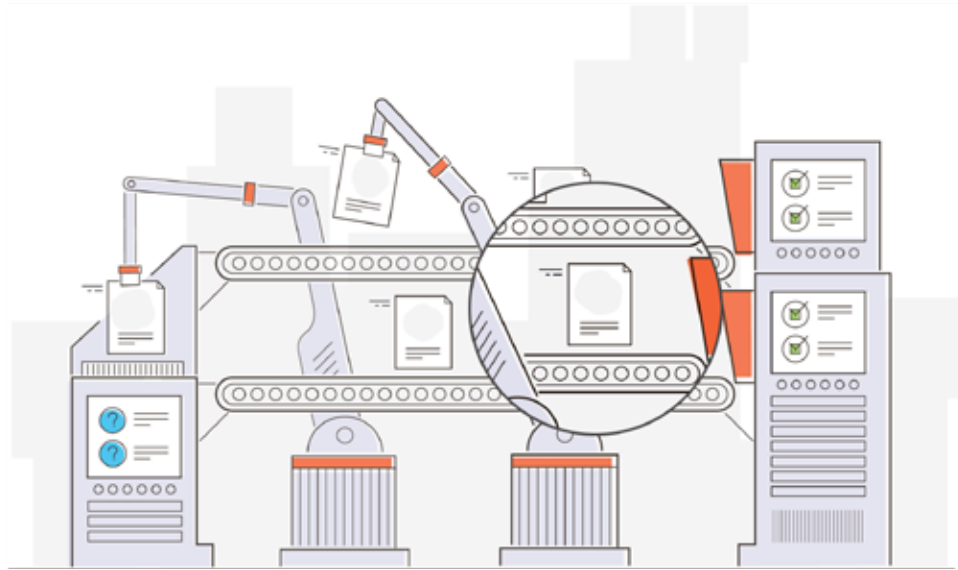
- automation of complex business processes and functions
- replacement of manual effort for recurring tasks
- Use of software to replace human effort
- Application of digital transformation

In our view combining all these themes Process Automation is about:

“Replacing manual work processes
with software-enabled digital processes”

This definition should be expanded to encompass all the themes outlined above, as no single definition can cover all the facets of PA.





Section
02

Transformative Effects of Process Automation

Process Automation is not entirely new but has been around since the introduction of technology and computers into our lives. For example, if you look back into the 1970's when data processing came into the business world. That was a major stride in changing the way we work, where high volume transaction processing was first passed onto mainframe computers and computer-based data records were maintained.

This kicked off the **first wave** of process changes that entailed the use of software and computers. The **second wave** came with the introduction of personal computers and office software such as text editors and spreadsheets, where these could assist in processing data for the common user.

We are now in the **third wave** with the availability of cloud-based solution that offer us the combination of data management and workflow capabilities that have been incorporated into many ERP solutions.

As we move forward the capability to perform business process tasks are no longer being done manually but is being partially or completely digitalized. In major organizations this is already being done through the more advanced ERP and workflow solutions that are providing only **partial** process automation. A good example is approval of key business documents such as purchase orders is done using automated email and workflow tools.

In more recent years the use of Process Automation tools has come into their own, as they are able to connect with a range of business systems and databases for extracting, analyzing processing, and updating records through standard application interfaces. It is these capabilities that make today's PA tools so powerful.

So why do organizations need these applications and tools?

Because organizations want greater productivity from less resources and even consumers want more responsive customer service at marginal cost.

By applying these tools effectively organizations can automate their processes, leading to process efficiency-more work for less effort, reduction in process lead time and improvement in customer service levels with improved quality. Correctly applied, Process Automation tools can provide efficiency gains of over 200%.

When these types of improvement opportunities are possible and being achieved, then in the current competitive environment of margin erosion Process Automation cannot be ignored.



Section
03

Application of Process Automation in the Finance Function

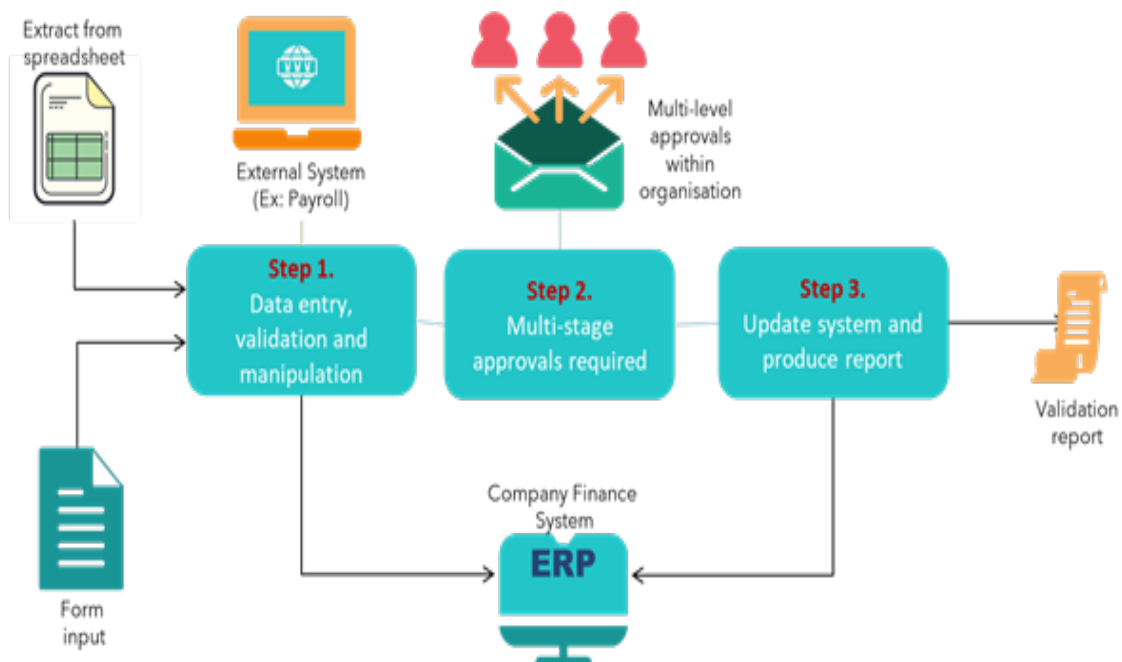
Traditionally finance function has been the initiator for change from the use of data processing techniques, to application of modern ERP systems. It is seen as a back-office function but the vein of the organization for providing the financial health of an organization both internally to the business and externally to the markets and compliance bodies. Hence, it is a function that needs to stay ahead in terms of being productive but at minimum cost. It is also a function where a lot of transaction processing takes place, and this lends itself to application of process automation.

Although the focus is on the finance function the application of PA should be considered across the whole organization.

So which areas of finance do we see the opportunities for application of Process automation?

Any process that involves manual staff effort in manipulating data from several sources and then producing an output that requires multi-layer approvals before they can be issued or used to update other systems or be published. This is shown in the chart below:

TYPICAL GENERIC PROCESS SUITABLE FOR PROCESS AUTOMATION

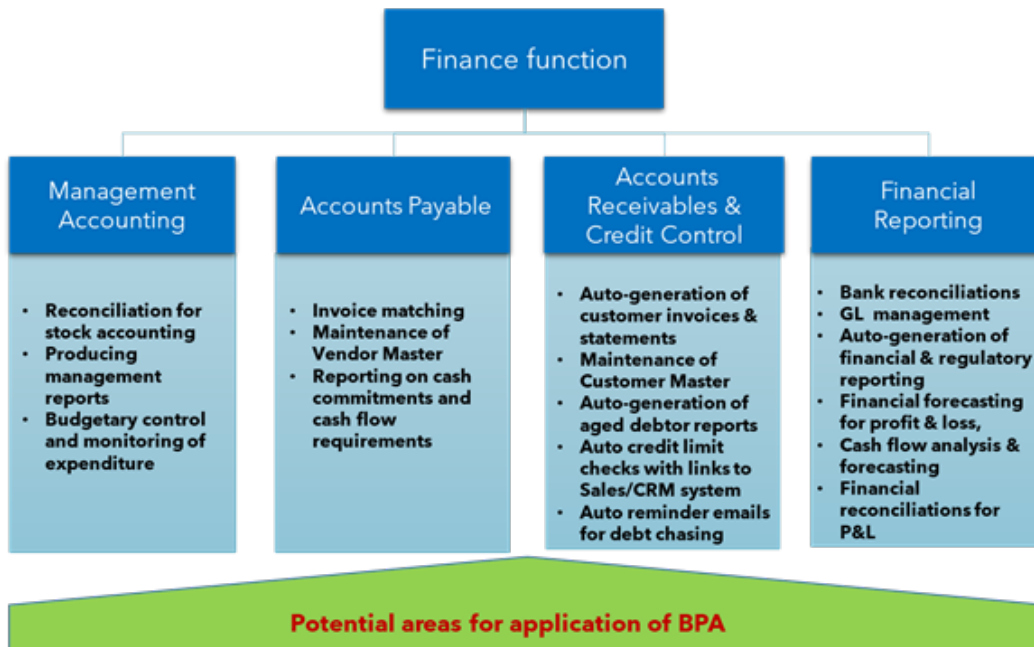


If we look at a typical finance organization, it is made up of several sub-functions that consist of:

- Management Reporting
- Accounts Payables & Payroll Accounting
- Accounts Receivables & Credit Control
- Financial Reporting

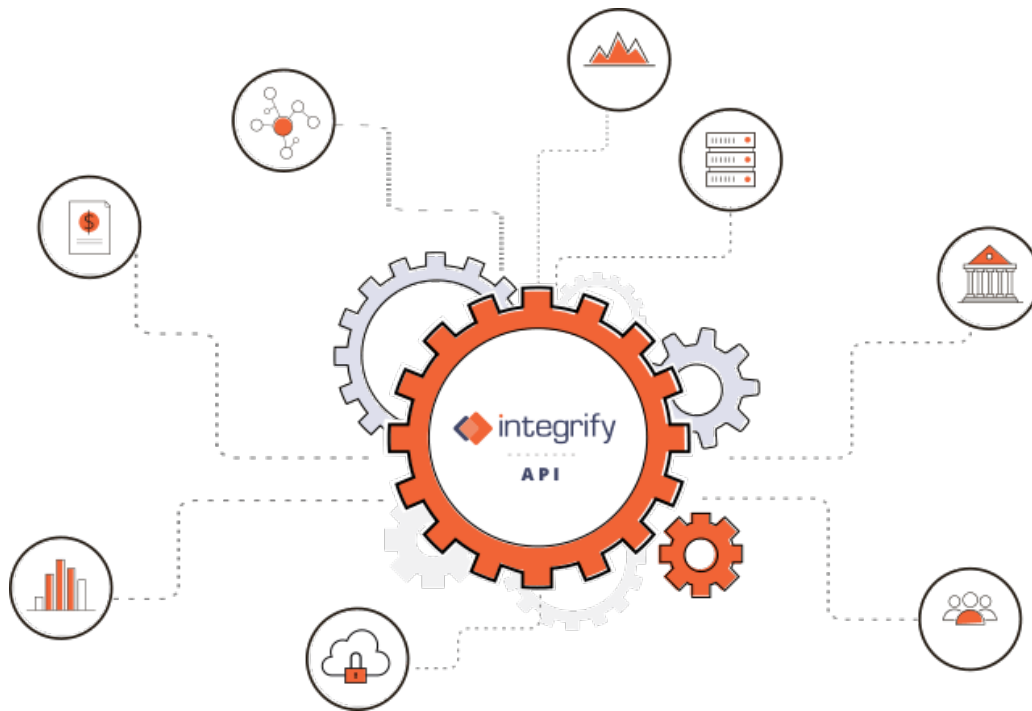
In each of these functions there are opportunities for application of business process automation.

Listed below are some examples by each functional area:



These will vary by each organization and the current maturity of technology adoption in the business. For instance, many of today's modern ERP systems offer some of these features in their software offerings but not all organizations have been able to effectively adopt the functionality due to internal constraints, legacy systems or inability to match their processes to the software.

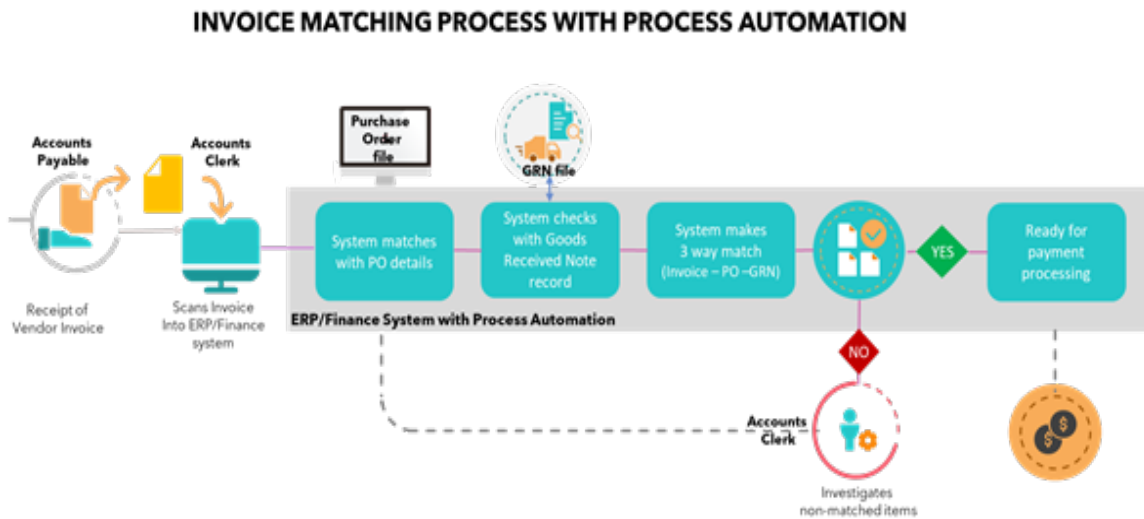
Because PA tools sit across several applications and can integrate easily with a range of existing systems and database solutions as well as manual and spreadsheet input, they truly can add value where ERP systems have not been able to.



Section
04

Example Process for Process Automation

From the above list we have taken Invoice Processing as a typical example to show the application of process automation, but this could easily be adopted for many of the other processes.



As you can see from the process flow chart above, after reviewing and optimizing the current process, it is feasible to automate the process so that most of the invoices can be auto matched without any clerical intervention. The volume of invoices auto-matching will increase in time as the clerk identifies the root causes for the failure and rectifies them for future processing. By applying Robotic Process Automation (RPA) software in conjunction with PA tools the invoices can be validated by the RPA 'bot' (based on a rule-set) immediately after scanning to ensure high level of acceptance before they are put through the matching process. This would provide an even higher level of matched output.

For more on RPA and Process Automation see: <https://www.integrify.com/robotic-process-automation-rpa-and-integrify/>

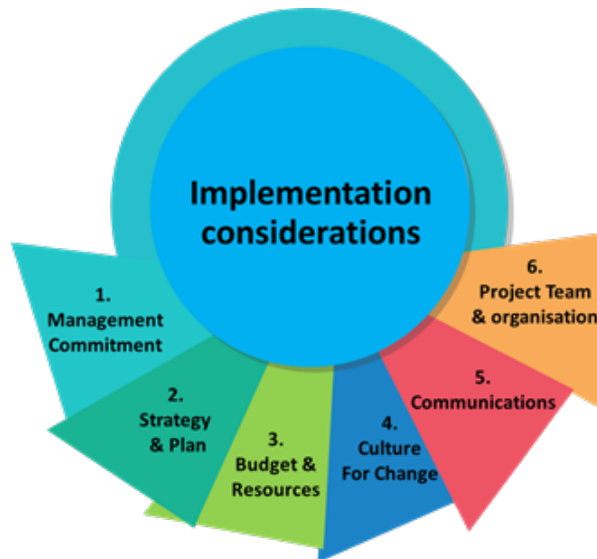


Section 05

Planning for Implementation

Although our focus has been on the finance function, when considering implementation, approach to roll-out and the business case, we need to consider the application of this technology across the whole organization to ensure that it is an investment worth pursuing. Finance may be the first user, but the application will provide the greatest benefits when its applied by all functions of the business. It is important here to consider that processes need to be evaluated from end-to-end perspective, this means they will cut across the departmental and functional boundaries. A good example is the creation of a purchase order which starts with a user raising a request against his budget, this may go to finance for validation to ensure that the budget is available, before it goes to inventory control to check if this item is already available in stock before it finally goes out to purchasing department to raise the purchase order.

As with any major capital project there are several critical factors that need addressing before successful process automation implementation can begin. These include the following:



Management Commitment

It is important from the word go to get a management buy-in through awareness of what process automation can do for the business. Management need to fully understand and endorse the project and provide a sponsor who has the interest and the capacity to lead this project. Commitment without a full understanding will become a liability if the project faces obstacles.

Strategy and Plan

The project needs a clear vision of what the 'future state' will look like and a focused roadmap to achieving success. There needs to be buy-in and commitment to these both from the sponsor and the project team.

Budget and Resources

The project needs an overall budget that reflects realistic costs for each phase of work and these numbers need revision as the project moves through the stage gates from initiation, planning to implementation. It is important that the core team costs are budgeted for and are dedicated for the project duration. This cannot be an add-on to the day job, otherwise the priorities of the day will hinder the success of the project.

Culture for Change

People make change not technology. How do you assess if an organization is ready for change? This is not easy to do, but one or two examples of the current pain points in a dept can trigger change. Sometimes the change is driven from external competitive sources. A case needs to be built as to why the business wants to change and vision created of the art of the possible. External support for handholding through the transition period can be very helpful, as it will give confidence to the management team.

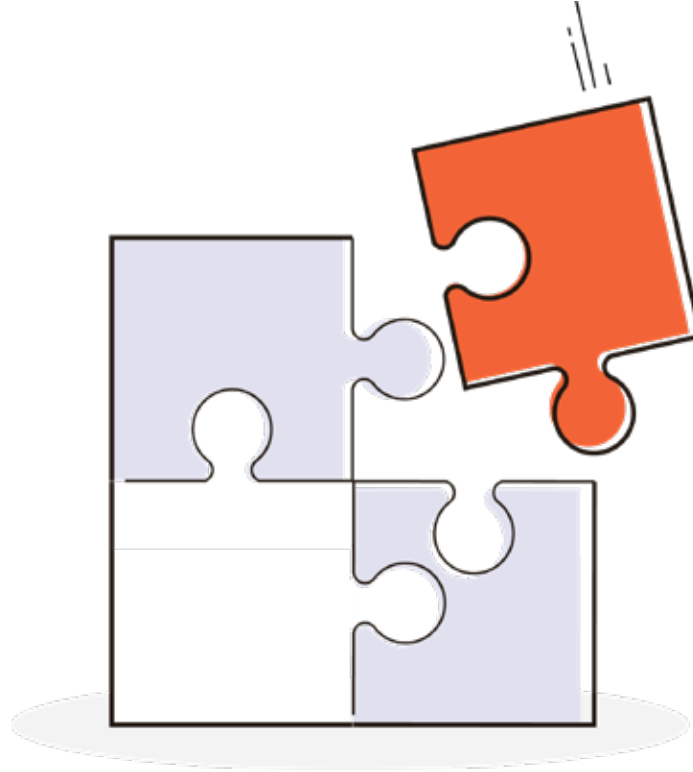
Communication, Communication, Communication

This cannot be over emphasized. Practical experience of implementations teaches us that this is a crucial area from initiation through to successful implementation and beyond. The success and the reputation of the project will be built on good communications, not on how well the team are performing. A communication strategy and plan are essential.

Project Team and Organization Structure

A project team needs to be established, with dedicated and ad-hoc input. The project manager needs to be from the business and needs to have the respect of the people in the finance function. A small team of dedicated people who have the skills and the enthusiasm (lots of it) to make it work will be needed. Again, it is essential that some of these people are from the finance function, so that we have buy-in to the process changes. The team will also need input from IT function and the software supplier.

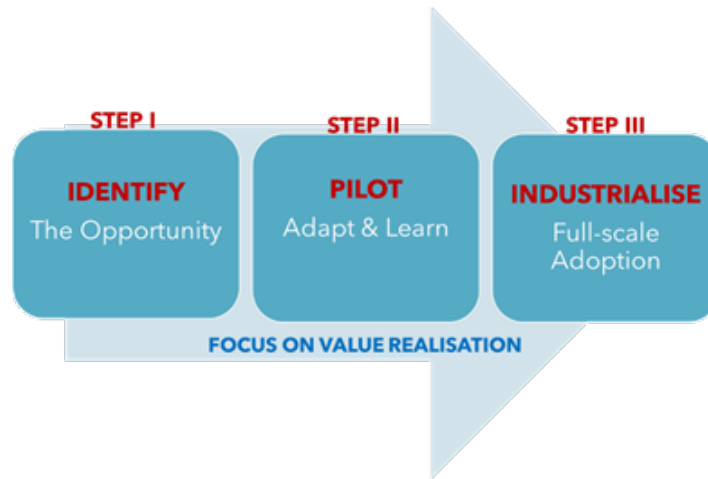
The above elements will need addressing before setting off on this journey, otherwise the project will meander off-course.



Section
06

Approach to Roll-Out

So, we have the funding in place and the project team has been formed and we are all charged to start, but where do we start?

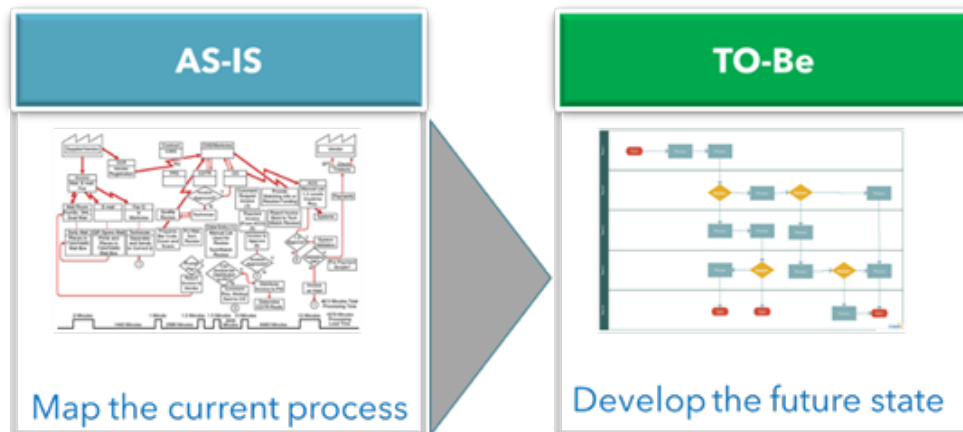


Step 1:

Identify the opportunity. The first step on the journey is to identify the opportunities that are going to bring us real benefit by applying this technology. This requires a two-stage process:

- **First stage:** an assessment of the current process (what we do today)
- **Second stage:** Development of what we would like to do (Where we want to be)

This two-stage process is defined as:



Stage 1

Develop an 'As-Is' status of your processes. At this stage, many organizations shortcut this by pulling out the documented procedure manual. The reality will be that the manual will have been written months, if not years ago and will NOT reflect what you actually do. It is essential to develop process maps of what you do today. This process also has other benefits:

It engages with the people working on those processes

As you develop the process maps (in collaborative workshops) it will highlight the discrepancies and nuances in the process

It will highlight where the process is broken, and the workarounds that come into play to get the job done

Most of all once the process maps have been developed, it allows for critique and analysis by the same people to highlight where the 'pain-points' and bottlenecks exist.

Stage 2

Develop the 'To-Be' Process document. The last point on stage 1, leads us into creating the future state. The focus in these workshops is for the people involved in the current process to recognize that the current process can be improved. External participation in these workshops and the role of the art of possible are very crucial ingredients in developing a revised To-Be process that is:

- Streamlined
- Based on lean principles
- Provides an estimate of the potential value opportunity (I.e. If we implement this revised process what potential benefits can we achieve)

From this assessment, there is a need to prioritize the opportunities. This should be done in conjunction with the management and based on this priority one or two processes should be selected for the next stage. Depending upon the opportunities and the business priorities, finance processes may not be the priority. For example, in many assessments, it is the customer-focused activities that have the biggest potential gains for the organization.

The effort needs to be spent on the "To-Be" processes. The mapping of the current state is a steppingstone for moving to the future state.

Step 2: Pilot

The purpose of the pilot is to prove-out use of the technology and create a willingness for the staff to use it.

Having done the hard work in terms of the people engagement in the first step, in this step we focus on the use of the technology. This is about utilizing the PA software to develop a new future state way of working.

It is highly unlikely that you will achieve this in the first pass. This should be an iterative process and should apply an agile approach to go through several iterations before a final workable solution is developed.

The focus should remain on getting an improvement from the current process that provides added value. This may still be an interim solution, particularly if the process requires interfaces to be developed between systems or manual records/forms need to be digitalized.

The people from both the project team and the users will need training on the use of the software tool and how best to apply this to their own processes. Training may also be required in process mapping. Input will be required from the software provider and internal IT function.

The outcome from this step will determine if it is feasible to move to step 3. If the processes selected have not delivered the desired benefits, then it is time to re-assess. It may mean going back to the prioritized list and considering other suitable processes.

Assuming a successful outcome, it will be necessary to identify the benefits and potential ROI. At this stage, a business case will need to be developed and approved by senior management before proceeding with full scale adoption or industrialization.

Step 3: Industrialization

Having approval to proceed will allow the detailed planning for full scale adoption across the across the business including finance function processes. This will need to take account of not only the process automation tool but also:

- The linkages/interface required to other systems/software
- Digitalization of current manual records/forms
- Review and approval of other affiliated processes outside of finance function.

A detailed implementation plan will need to be developed and closely monitored, as the project progresses.

Just as the products and services of the organization change with the market changes, so should the process of the organization. This continuous improvement initiative should be instilled into the workforce to carry on developing and changing the processes, as the demands of the business and its' customers change.

As already expressed under section 4 above, communication to the finance function and beyond will be a critical part of the success.

Section 07

Potential Benefits and ROI

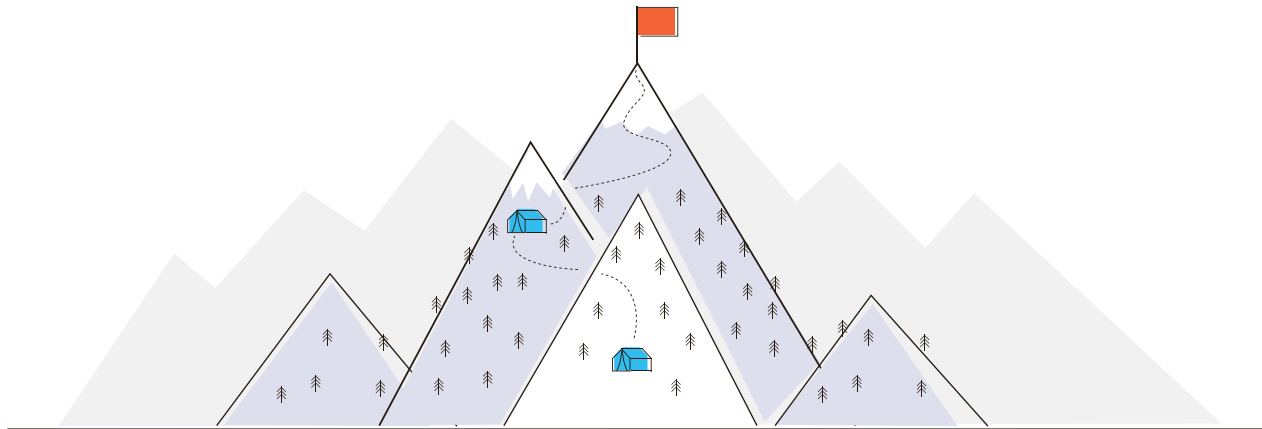
As already expressed above before proceeding to industrialization of the solution a business case will need to be developed. The layout and content of this will vary by each organization. However, in all cases for projects of this type the business case will include:

- On-off costs of the project
- On-going support and maintenance costs

These are likely to spread over a period of three to five years. From experience a typical payback on this type of investment is usually over 18 months to two years.

Typical elements to be considered for the business case have been listed in the chart below:

COSTS	BENEFITS
<p>Vendor Costs</p> <ul style="list-style-type: none">• Software provision. This may be more than just the licensing costs.• Training and implementation support• Consulting <p>Internal Resource Costs</p> <ul style="list-style-type: none">• Dedicated Project Team Time• IT Support (during and post roll-out)• Development of interfaces APIs to other company systems (could be vendor)	<p>Hard Benefits</p> <ul style="list-style-type: none">• Reduction in effort (hours & \$ value)• Improvement in cycle time/lead times• Responsiveness to customers (internal or external)• Improvement in Quality• Percentage reduction in rework <p>Soft Benefits</p> <ul style="list-style-type: none">• Client/Staff satisfaction• Improved decision-making• Processes ownership by the finance team player• Transaction track and trace (Auditability)



Section 08

Summary and Conclusion

There is no doubt that process automation can bring tremendous benefits both in terms of productivity/efficiency improvements in the financial processes, but also in the employee behavior to change and the need for ownership and management of their own business processes.

To be successful on the journey it is essential that the organization avoids the potential pitfalls and learns from the experience of those who have already been on the journey.

If you are an organization that welcomes change and can adapt quickly then you will embrace process automation. For organizations that are deeply entrenched in their existing way of working and find change difficult, the adoption of process automation will be a mighty challenge, however, if you are brave enough to face the challenge then you will have the biggest reward.

We hope this article will inspire you to take a closer look at process automation and the opportunities that it can bring to your organization.

Our Mission

For over ten years, Integrify has been a leader in request and workflow management. Launched in 2001, with headquarters in Chicago, we've built a reputation for creating software with the customer in mind. Users value simplicity and integration. That has always been the focus of our product. Rapid distribution, broad scalability, and high ROI are goals that we are constantly reaching, only to again set the bar even higher.

We believe that our job is to ensure customer success by helping them to do more with more efficiency. We are constantly innovating to provide compelling solutions that are simple to use and adopt. We believe that we can work together with customers to build solutions to buck the status quo and make organizations more productive.

The Integrify Automation Platform Advantage

- Costs are reduced and employee productivity is increased by reducing approval cycles, minimizing processing errors and streamlining business processes.
- An intuitive Web-based interface reduces the learning curve and extends the administrative capabilities to any area within a company.
- Minimal training is required for using the system so employees can begin using the processes immediately, and business analysts can quickly deploy and modify business processes without understanding programming or database systems.
- Integrify leverages existing systems, extending their reach to provide error-free data collection, tracking, reporting, and visibility.
- Integrify can handle many types of workflow processes at either the department or enterprise level and will manage requests and approvals in HR, IT, Finance, or any other area within a company.

Want to discuss your workflow management needs? We'd love to talk!

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