Can robotics help CFOs improve their financial processes?

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The better the question. The better the answer. The better the world works.
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Can robotics help CFOs improve their financial processes?
A rising demand for robotics

All around the world, CFOs, financial controllers and treasurers are pressured to create opportunity from complexity. As their role evolves, they rely on their finance and accounting function to stay one step ahead.

Furthermore, finance leaders are expected to play a much bigger role in strategic and operational decision-making in organizations. Under pressure to streamline their financial processes, many financial leaders are considering investments in finance automation.
A rising demand for robotics

Organizations, and particularly CFOs, are being asked to adapt to the ever-changing finance landscape and to create innovative, low-cost and efficient working models. With robotic process automation (RPA) playing an increasingly important role in driving efficiency and cost rationalization, embracing this disruptive technology is becoming a cornerstone on the CFO’s agenda.

RPA has the potential to not only help companies remain profitable and maintain a competitive advantage, it might also be able to help build the connections between IT, innovation and business operations and can be an effective entry point to enable the adoption of further technologies.

Financial Accounting Advisory Services (FAAS) teams can help you to identify the areas within your financial processes that could benefit from RPA and support you as you implement these changes. Within a short development time frame, you may be able to achieve reductions in costs, increases in quality and reliability, and improved customer and employee satisfaction.
Managing external expectations

Due to an increase in the number of reporting systems, globalization and changes in regulatory requirements, finance teams are facing greater complexity. Furthermore, stakeholders have high expectations from the business, and as a result, they are demanding better margins, business growth and strategic contribution from the operations and finance departments.

RPA may be the right solution for you to address these challenges, as it can not only help to streamline processes to effectively respond to those external regulatory and compliance requirements, but could also turn out to be a highly effective tool to control your costs and increase the efficiency of your organization.

And, with organizations laying greater emphasis on business changes and a healthy return on investment (ROI), investing in RPA might also be a competitive advantage for you and your organization. RPA may help you to:

1. Enhance transparency in your financial reporting and reduce exceptions
2. Further standardize your finance processes and automate financial reporting
3. Reduce investments on internal risk controls
How RPA can fit into finance

RPA ...

is enterprise-class software automation that mimics human execution of tasks via existing user interfaces.

can be adopted to act as an interface between various financial reporting systems and to automate repeatable finance processes.

has many applications in the financial services industry, where the combination of high transaction volumes and increased regulation places a premium on an organization’s ability to streamline operations and ensure appropriate levels of control.

One robot is a curiosity.
A virtual workforce is a differentiator.

Monetizing robotics capabilities

value = speed x scale
# How RPA can fit into finance

## Areas of application

<table>
<thead>
<tr>
<th>Tax planning and accounting</th>
<th>Policy, controls, governance and compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>► Prepare tax returns and file electronically (e.g., goods and services, VAT, tax returns)</td>
<td>► Entity updates and master accounts</td>
</tr>
<tr>
<td>► Tax workbooks including tax schedules</td>
<td>► Vendor and client onboarding</td>
</tr>
<tr>
<td>► Prepare tax provision by jurisdiction</td>
<td>► Capital management and investments</td>
</tr>
<tr>
<td>► Bridge provision data for tax compliance</td>
<td>► Journal entry processing</td>
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<tr>
<td></td>
<td>► Asset migration</td>
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<td></td>
<td>► Data capture</td>
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<tr>
<td><strong>General accounting</strong></td>
<td><strong>Treasury</strong></td>
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<tr>
<td>► Intercompany transfers</td>
<td>► Cash flow high volume management</td>
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<tr>
<td>► Reconciliations</td>
<td>► Collateral management/reports</td>
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<tr>
<td>► Accruals</td>
<td>► Liquidity monitoring</td>
</tr>
<tr>
<td>► Month-end close</td>
<td>► Monthly analysis</td>
</tr>
<tr>
<td>► Journal entry processing</td>
<td></td>
</tr>
<tr>
<td>► Bad debt write-offs</td>
<td></td>
</tr>
<tr>
<td>► Allocations and adjustments</td>
<td></td>
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<tr>
<td><strong>Procure to pay</strong></td>
<td></td>
</tr>
<tr>
<td>► Data capture</td>
<td></td>
</tr>
<tr>
<td>► Vendor and client onboarding</td>
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</tbody>
</table>
Robotics can enable organizations to automate tasks as if performed by humans

Robots use, rather than replace, existing technology

This means no re-engineering, which is often messy, expensive and disruptive

Robots:
- Link existing IT assets together to simplify, accelerate efficiency and provide flexibility
- Sit atop of existing technology
- Operate unattended by people
- Access systems the same way as people
- Perform repetitive tasks rapidly and reliably
- Scale up and down to match peak loads
- Emulate the best user behavior
- Deliver ROI in cycles measured in weeks

In-house mainframe
- Core account management
- Transaction processing
- Core accounting
- Reporting

Cloud
- Third-party capabilities
- Industry utilities
- Internet and intranet capabilities
- Data storage

Enterprise automation
- Workflow and rules
- Imaging
- Digital channels
- Analytics and reporting
- Collaboration tools

Desktop automation
- Spreadsheets
- Word documents
- PDFs
- Emails
- Collaboration
- Data and analytical tools
Robotics administration center can enable organizations to operate at industrial scale

**IT roles**

- Application hosting
- Interfacing system governance
- IT system support
- IT security
- Scalability
- Auditability of the processes

**Operations roles**

- Business vision
- Organization design
- Governance model and maintenance
- Delivery methodology
- Service model and agreements
- Engagement model with virtual workforce

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**RPA**

Robotics administration center and managed services model

- Business sponsorship and engagement
- Value realization framework
- Test and learn lab environment
- Skilled and knowledgeable workforce
- Repeatable methods and processes
- Program and governance

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Robotics applicability in typical finance areas

Robots provide flexibility and connectivity between applications, increase the effectiveness of applications and complete routine activities that previously required manual effort, but they do not replace existing computing capabilities, and they do not generally replace entire roles.

<table>
<thead>
<tr>
<th>Opportunity drivers</th>
<th>Areas for consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify where your teams are manually …</td>
<td>► Intercompany transfers</td>
</tr>
<tr>
<td>► Accessing and gathering data from multiple systems</td>
<td>► Reconciliations</td>
</tr>
<tr>
<td>► Moving data from one system to another</td>
<td>► Accruals</td>
</tr>
<tr>
<td>► Checking data consistency in multiple systems</td>
<td>► Bad debt write-offs</td>
</tr>
<tr>
<td>► Updating the same info in multiple systems</td>
<td>► Month-end close</td>
</tr>
<tr>
<td>► Remediating data across several accounts</td>
<td>► Journal entry processing</td>
</tr>
<tr>
<td>Select processes that are …</td>
<td>► Entity updates and master accounts</td>
</tr>
<tr>
<td>► Well-defined, relying on rules rather than judgment</td>
<td>► Allocations and adjustments</td>
</tr>
<tr>
<td>► Time consuming, while being time-critical</td>
<td>► Vendor and client onboarding</td>
</tr>
<tr>
<td>► Executed very often (i.e. daily or weekly)</td>
<td>► Using multiple systems that are not fully integrated</td>
</tr>
<tr>
<td>► Using multiple systems that are not fully integrated</td>
<td>► Needing improvements in quality and control</td>
</tr>
</tbody>
</table>

Examples:

**Trial balance for month-end**
Automate extraction of monthly entity-level information from SAP GL, and load into tax provisioning system (Corptax)

**Subledger reconciliation**
Monthly reconciliation of 44,000 subledger accounts, handling thousands of disbursements valued in the billions of dollars.
Potential benefits of RPA

RPA is likely to play an increasingly important role in driving efficiency. Not only can the technology provide lower-cost process automation, it can also enhance customer satisfaction by reducing manual errors.

The RPA implementation burdens (e.g., costs and timelines) for your company tend to be relatively insignificant, compared to major IT platform updates. Therefore, it is likely that RPA could quickly convert from a differentiator providing a competitive advantage to a standard practice.

- **Increased consistency**: Performing processes and tasks identically can eliminate potential output variations.
- **Cost savings**: Reduced human effort and implementation times may contribute to a decrease in your baseline FTE costs.
- **Improved audit trail**: Fully maintained logs of your RPA system can be essential for compliance monitoring and reporting.
- **Improved scalability**: Increased ability of your organization to match demand peaks and valleys.
- **Higher ROI**: Typical RPA projects can be completed in 9 to 12 months with a potential ROI of less than one year.
- **Right shoring**: Geographical independence can reduce your need to offshore jobs.
- **Higher productivity**: Freed-up human resources can be utilized for higher value-added tasks.
- **Better retention**: Increased focus of your employees on knowledge and value-added tasks might help drive better staff retention.
Successful examples of RPA usage

EY has experience in managing RPA projects across the world and was recently involved in the following engagements:

**Telecommunications industry**

We helped a client to apply RPA to automate the bill reimbursement process during salary computation. The client had formerly done this manually. The use of RPA led to significant automation and cost savings.

**Construction industry**

In this industry, the equipment leasing process is complex, as it is based on various leasing rate cards, leasing rules and multiple systems (e.g., time-recording system and asset standard rates in ERP). For one of our EY clients, this resulted in significant delays in the monthly closing cycle. The use of RPA brought significant efficiencies and time savings to this process.

**Banking and finance**

We supported a bank as they were streamlining their customer acquisition process for a particular product. In the old process, multiple departments were involved in the process chain, which caused delays and revealed a lack of transparency. The introduction of RPA led to major process efficiencies with significant time savings.

**Telecommunications industry**

The finance and billing departments of one of our telecom clients were facing delays caused by their SIM card activation processes. The use of RPA helped realize significant efficiencies and eradicated manual interventions in the process.
How to succeed in robotics adoption

Organizations should:

Use an agile and business-led approach
An agile approach allows rapid benefit delivery, incremental improvement and rapid response to change.

Act now, go fast and remain nimble
Establish metrics but solve for the obvious first, breaking up larger solutions into manageable pieces.

Focus on scale and frequency, not just end-to-end
Think like a robot — it’s O.K. to automate only parts of a process and then move onto the next process.

Organizations should not:

Overdocument the existing process
Traditional IT development is based on thorough requirements, definition and documentation.

Overthink where to start automating
Avoid solving problems that nobody cares about; pick an issue that, once solved, will generate excitement.

Forget to start preparing for long-term success
A pilot helps make the case but is not the objective. Organizations should prepare for rapid change and to sustain the capability.
Why EY

Our highly integrated, multidisciplinary teams are experienced in supporting clients improve their finance function and reporting efficiency and effectiveness. We can work with you to identify processes that can be automated and then help you to implement these changes to improve the effectiveness and efficiency of your reporting.

Established methodology
We use a proven methodology for the RPA strategy formulation and deployment.

Experience on leading RPA tools
Our strong experience and relationship with leading RPA vendors enable us to provide RPA services with a compelling proposition.

Future and vision
We are moving toward smart robotics. To do so, we are building industry use cases, thought leadership pieces and collaborating with leading and disruptive technology providers.

People capabilities
Our teams include highly experienced professionals across the spectrum of RPA strategy and deployment tools.

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About EY
Financial Accounting Advisory Services

EY contacts

**FAAS Global Innovation Leader**
Detmar Ordemann
detmar.ordemann@de.ey.com
+49 711 9881 15438

**Americas Robotics and RPA**
Myles Corson
myles.corson@ey.com
+1 212 773 3232

**Asia-Pacific Robotics and RPA**
Bryan Peng Li
bryan-peng.li@cn.ey.com
+86 10 5815 2342

**Global and EMEIA Robotics and RPA**
Khurram Siddiqui
khurram.siddiqui@ae.ey.com
+971 4 7010418

**Japan Robotics and RPA**
Takao Minami
takao.minami@jp.ey.com
+81 3 3503 1100
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