How might robotics help improve the performance of your finance function?

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1 How might robotics help improve the performance of your finance function?

2 About EY
How might robotics help improve the performance of your finance function?
A rising demand for robotics

Technology is developing at an accelerating pace. The finance function should take the opportunity to adopt innovations to become more effective and efficient. This can help meet the increasing demands from stakeholders for reporting.

Robotics process automation (RPA), or robotics as it is more commonly referred to, is the automation of business processes using software to replicate human interaction with various systems and applications.

Robots, as part of RPA, can become a virtual workforce controlled by the business operations team.
A rising demand for robotics

As finance functions are under pressure to do more with less and under increasing scrutiny from stakeholders who are demanding more data, more quickly, Robotics process automation (RPA) may be able to relieve some of these pressures.

Robots often can use your existing systems and technology while being managed by your finance operations teams to improve the performance or efficiency of existing processes such as:

► Data input and data output
► Reconciliation and data quality
► Reporting
► Business rule applications

FAAS teams can help you to identify the areas of your financial processes that could benefit from RPA and support you as you implement these changes. Within a short development time frame you will likely experience significant reductions in costs, increases in quality and reliability, and improvements in customer and employee satisfaction.
What is RPA?

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

Robots can mimic employees’ execution of repetitive tasks via existing user interfaces.

Robots are a virtual workforce governed by the business operations teams.

Robots can sit alongside existing infrastructure, controlled by IT.
Robotics helps organizations to automate tasks as if performed by humans

**Robots** use rather than replace existing technology

<table>
<thead>
<tr>
<th>In-house mainframe</th>
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</thead>
<tbody>
<tr>
<td>Core account management</td>
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<tr>
<td>Transaction processing</td>
</tr>
<tr>
<td>Core accounting</td>
</tr>
<tr>
<td>Reporting</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Cloud</th>
</tr>
</thead>
<tbody>
<tr>
<td>Third-party capabilities</td>
</tr>
<tr>
<td>Industry utilities</td>
</tr>
<tr>
<td>Internet and intranet capabilities</td>
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<tr>
<td>Data storage</td>
</tr>
</tbody>
</table>

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

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**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
How can RPA help the finance function?

If you are asking yourself some of the following questions, RPA may be able to help you address some of these issues:

- Do you have multiple legacy systems that do not talk to each other?
- Does your finance function undertake numerous manual processes even with your existing IT systems?
- Do you have high data entry volume?
- Do you have high error rates resulting in the need for rework?
- Do you have high turnover in your team due to repetitive or low value activities?

By adopting RPA to act as an interface between various financial reporting systems and to automate repeatable finance processes, many of these concerns could be addressed.
# Robotics within finance

**Assessing the benefits**

<table>
<thead>
<tr>
<th>Activity</th>
<th>FTEs reallocation or reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manual processing with little subjective judgment</td>
<td></td>
</tr>
<tr>
<td>e.g., general ledger inputs to consolidation reporting package</td>
<td></td>
</tr>
<tr>
<td>Data input</td>
<td></td>
</tr>
<tr>
<td>Extracting data from several applications, reading emails, files and folders</td>
<td>60%-80%</td>
</tr>
<tr>
<td>Data output</td>
<td></td>
</tr>
<tr>
<td>Sending data resulting from the execution of the process with given format and distribution channels (email, file transfer and web-based)</td>
<td>50%-70%</td>
</tr>
<tr>
<td>Reconciliation</td>
<td></td>
</tr>
<tr>
<td>Understanding and combining data retrieved from several applications (e.g., cash reconciliation and P&amp;L reconciliation)</td>
<td>40%-60%</td>
</tr>
<tr>
<td>Data quality management</td>
<td></td>
</tr>
<tr>
<td>Measuring data quality and testing consistency (e.g., batch monitoring, availability and integrity check)</td>
<td>Control quality improvement + 40%-60%</td>
</tr>
<tr>
<td>Reporting and dashboard</td>
<td></td>
</tr>
<tr>
<td>Implementing dashboards and generating reports</td>
<td>30%-60%</td>
</tr>
<tr>
<td>Business rules</td>
<td></td>
</tr>
<tr>
<td>Applying business rules (such as accounting booking principles, amortization themes and cost reallocation) based on formalized principles and guidelines</td>
<td>20-40%</td>
</tr>
<tr>
<td>Strong judgmental activities, multiple and ad-hoc analyses or reports</td>
<td></td>
</tr>
<tr>
<td>e.g., analytical reporting to management</td>
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</table>
Managing complexity

Finance teams are facing increasing complexity due to an increase in the number of reporting systems, globalization and changes in regulatory requirements.

In addition, stakeholders are seeking more information, more quickly, and greater transparency in reporting performance. This puts additional pressure on reporting functions to deliver more quickly. A shift to RPA could help performance by:

- Accessing and presenting data from multiple systems
- Targeting system inefficiencies by acting as an interface between different ERP and other legacy systems
- Improving the quality and speed of finance processes by providing a clear audit trail to support regulatory and compliance requirements
How EY can help

We have identified a four-step process to help you get started with robotics:

**Identify**
We can help you and your management team identify existing pain points and begin to assess potential areas for automation.

**Assess**
We can help you assess current core processes to identify automation potential in areas and estimate the benefits.

**Implement**
Once the areas for automation have been prioritized, we can help you develop a phased approach for introducing the new automated process by using supporting pilots.

**Deploy**
We can help you start to build a team experienced in implementing RPA to support other functions as they look to use RPA.

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Examples

Here are some examples of how RPA could be implemented:

<table>
<thead>
<tr>
<th>Areas of application</th>
<th>Management accounting</th>
<th>Financial accounting</th>
<th>Regulatory accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business analysis and reporting (flash reports)</td>
<td></td>
<td>Consolidation reporting</td>
<td>Analysis and reliability projects on risk-weighted assets and liquidity data (actual, budget, plan, forecast and stressed production)</td>
</tr>
<tr>
<td>Costs analysis and reporting</td>
<td></td>
<td>Accounting and inventory reconciliation</td>
<td>Reporting and dashboards</td>
</tr>
<tr>
<td>Budget</td>
<td></td>
<td>Accounting and risk reconciliation</td>
<td>Regulatory watch</td>
</tr>
<tr>
<td>Forecast</td>
<td></td>
<td>Intra-group reconciliation</td>
<td></td>
</tr>
<tr>
<td>Business partnering</td>
<td></td>
<td>Liquidity, profit and loss (P&amp;L) and foreign exchange (FX) reconciliations</td>
<td></td>
</tr>
<tr>
<td>Net costs of risk analysis</td>
<td></td>
<td>Reporting and dashboards</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Accounting norms methodology</td>
<td></td>
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</table>
Benefits

By adopting RPA you should see improvements in flexibility, reliability and the economics. RPA often:

- Can work 24/7 as an automated solution
- Has rapid implementation timelines
- Works with existing architecture
- Can be trained by business users
- Cuts data entry costs by up to 70%
- Reduces the costs of offshore FTE by 1/3
- Reduces error rates by double digits
- Removes idle time
- Can support a quick and tangible return on investment
Potential benefits

- **Reduced costs**: as data quality and accuracy improve and become more consistent, costs and the number of errors may be reduced. The reduction in human effort and implementation times can also contribute to cost savings.

- **Increased customer satisfaction**: response times may be reduced and RPA can allow for quick and easy temporary approaches.

- **Increased employee satisfaction**: employees should now be able to focus on knowledge and value-added tasks because manual and repetitive tasks have been removed. This should help support better staff retention.

- **Improved audit trail**: RPA systems provide fully maintained logs that are helpful for compliance monitoring and reporting.
# Benefits we are seeing among early adopters

<table>
<thead>
<tr>
<th>Types of benefits</th>
<th>Examples</th>
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<tbody>
<tr>
<td>Save on human effort</td>
<td>Reduce people expense by automating frequent manual repetitive tasks, improving exception handling and moving work to best location</td>
</tr>
<tr>
<td>Increase value add of talent and lower attrition risk</td>
<td>Improve knowledge worker value add by increasing focus on highest return activities (i.e., time dividend) and improve their satisfaction/retention by eliminating dull routines</td>
</tr>
<tr>
<td>Reduce costly errors and improve quality</td>
<td>Improve auditability (every step could be logged), consistency and control over error-prone manual activities that elevate risk, non-compliance, financial or reputational harm</td>
</tr>
<tr>
<td>Do more faster and shorten critical path</td>
<td>Reduce end-to-end time to handle peak periods, meet deadlines and smooth post-M&amp;A integration by virtually connecting disparate systems and data sources</td>
</tr>
<tr>
<td>Speed to value realized</td>
<td>Supplement architecture toolkit for functional ETL, virtual API and simulated web service to speed deployments without consuming scarce IT/capital resources</td>
</tr>
</tbody>
</table>

Robotics could be deployed on-shore at significantly lower cost (as compared to offshore FTEs) while also improving data security, reducing impact of labor regulations, and strengthening control and governance
Why EY

Our highly integrated, multidisciplinary teams are experienced in supporting clients improve their finance function and reporting efficiency and effectiveness.

Our dedicated teams of robotic development engineers recognize that robots and people can create a powerful combination with robots delivering repetitive, deterministic and high-volume tasks while people provide subjective judgment, build relationships with stakeholders and deliver low-frequency exception tasks.

We believe RPA can support finance teams to address the pressure they are under to deliver more reporting, more quickly to provide stakeholders with the information they demand. For example, we have embedded robotics into our processes that we apply to help you improve your internal controls environment.
Why EY

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.

Our teams are premium users of a number of robotic applications, and common procedures have been developed and tested in our robotics laboratory. For example, we could help you to store common robots in a database as a starting point and develop robotic IT security measures. Further updates can then either be done by yourselves or our teams can provide ongoing support as a managed service.
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