23rd Annual CFO Roundtable and Tax Director Workshop

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Discussion topics

1. Headlines capturing attention
2. An overview of Robotic Process Automation
3. Our intelligent automation tax journey
4. Tax hotspots for RPA and case studies
5. Key insights and lessons learned
Headlines capturing attention
Disrupt or be disrupted?
*Headlines capturing attention of executives everywhere*

30%–40% of existing business process services are likely to be impacted by RPA

Gartner

Cost reduction of 35%–65% for onshore operations and 10-30% for offshore operations

Institute for Robotic Process Automation

RPA is estimated to lead to 30%–35% reduction in entry level roles and increase mid level roles

Everest Group

Estimated that 85% of a typical firm’s 900+ processes can be automated. 110 to 140m FTEs could be replaced by 2025

McKinsey & Company
RPA C-Suite top 3 survey
Companies are focusing on quality, predictability, speed and value add

What do you believe to be the most important components of the value proposition for Robotic Process Automation? (Choose Top 3)

- Driving more predictability and higher quality in the process: 65%
- Speeding up the time to complete the process: 50%
- Freeing up staff to move to different projects: 38%
- Reducing cost on the continual basis, beyond the scope of the...: 35%
- Creating more reliable data sets for analytics: 32%
- Increasing the standardization of processes: 29%
- Enabling us to move business-outcomes vs. FTE pricing: 24%
- Eliminating staff positions: 21%
- Increasing control/visibility of end-to-end processes: 18%
- Gaining a competitive advantage in my industry: 3%

Source: HfS survey of 800 C-suite executives 2015
The value proposition:
~10X ROI coupled with ~50X less difficulty to implement

Illustrative automation horizon

Task specificity

Key:  
- Relative ROI %
- Relative difficulty/time to implement
An overview of Robotic Process Automation (RPA)
RPA is the automation of business processes with high volume repetition

What is RPA?

RPA simulates an employee.

The software robot has access to diverse applications with an ID or a password. The robot can gather information or change data. Consequently, business and administrative processes can be fully automated.

RPA is integrated in an existing IT infrastructure.

As a renewal of the existing IT landscape is not required, a high level of automation can be reached without major effort. RPA uses established control mechanisms and can communicate with all systems. Therefore, no interface has to be created.

“Robots deliver repetitive, deterministic, high-volume tasks efficiently, quickly, and consistently. People build relationships, provide subjective judgement, deliver low-frequency tasks, and manage change and improvement.”

RPA is software.

RPA is a computer software that runs repetitive, rule-based processes. The software is trained based on functional specifications and can be adjusted at any time.
Case study: Tax provision reporting

The challenge
► Numerous tax provision reports generated from ONESOURCE Tax Provision (OTP) are used by the tax departments during the period close cycle.
► Data frequently changes, so the reports must be re-run. Delay in getting the reports to the department has adverse effect on meeting the critical close cycle deadline.

Why automation
► During critical quarterly and annual close periods, tax professionals constantly need to run and format reports during the review of the provision, interim provision and estimated payment data.
► This is time-consuming and the reports are prone to errors, if they are done manually.

What we did
► Used Blue Prism RPA tool to generate tax provision reports from ONESOURCE Tax Provision.
► The key steps below:

Log-into ONESOURCE tax provision application
Generate tax provision reports from OTP
Combine and format reports into a single Excel provision workbook
Review provision workbook
Notify user via email once workbook is posted to document repository and ready for review

Outcome
► Significant time savings, increased speed, accuracy and efficiency (less manual keying of data)
► Teams spent more time on review and less time on preparation (better leverage of knowledge worker skills)
► Reduced labor cost
► Reduced human errors

Link to video
Robot    Human
Case study: Creating a “book” Form 1120 tax return

The challenge
- Changes in the financial information create the need to re-run the tax return multiple times
- Compressed timelines leave little time for in-depth real time review and analysis

Why automation
- Prepare returns as soon as the data is available
- Increase time allocated to review
- Accelerate learning of tax talent

What we did
- Used Automation Anywhere RPA tool to automate the upload of the trial balance, the preparation of the review workbooks, download of invoices and the preparation of the “book” basis Form 1120

Outcomes
- Process is completed with minimal human intervention
- Accelerated timeline to review
- Eliminate duplicate steps and “throw away” output
- Allow team to identify technical issues earlier in the process
- Engage right resources at the right time

**BOT logs into OIT and imports the trial balance**

**BOT prints the “book” return**

**BOT does a system compute; prepares a “book” return**

**BOT sends an email to the preparer**

**Tax professional reviews the “book” return and identifies areas for additional analysis**

Link to video

Robot  Human

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The real power of automation: RPA takes the robot out of the human
RPA is business led transformation driving value

Low risk
Non-invasive technology
Overlaid on existing systems and integrated with existing data minimizing disruption to IT strategy and architecture. RPA technology can begin with simple rules based tasks and scale to more sophisticated algorithms and machine-learning functions as the organization matures.

Accuracy
Double digit reductions in error rates

Consistency
Identical processes and tasks, eliminating output variations

Right shoring
Geographical independence reduces need to offshore jobs while still delivering cost savings

Productivity
Freed up human resources for higher value-added tasks.

Cost savings
Ranging from 20-60% of baseline FTE cost

Opportunity focused
RPA can be focused on only those areas where significant opportunity exists. Does not require enterprise adoption.

Audit trail
Fully maintained logs essential for compliance

Retention
Shifts human effort toward more stimulating tasks

Scalability
Instant ramp up and down to match demand peaks and troughs

ROI
Typical RPA projects include multiple functional “pilots” but the program is completed in 9 to 12 months with an ROI < 1 year

Reliability
No sick days, services are provided 365 days a year
The ‘Golden Journey’ to digital operations

Missing a step would result in full benefits not achieved (scope of work for Chatbots and AI would remain limited)

Robotic Process Automation (RPA)
E.g., Automation Anywhere, Blue Prism, UiPath

Cognitive RPA (including machine learning, natural language processing)
E.g., Arago, Work Fusion

15% of process activities

Chatbots
E.g., Kore, Conversable

15% of process activities

Artificial Intelligence (AI)
E.g., Watson, Holmes

10% of process activities

Chatbots and Artificial Intelligence to utilize the outputs produced by Robotic Process Automation

60% of the enterprise's process activities
Reinventing productivity: Taking the robot out of the human

**Robotic process automation (RPA)**
A software solution that runs unattended, working like a virtual employee with legacy applications performing repetitive tasks reliably at the User Interface level.

**Current workforce**
Taking the robot out of the human allows your employees to focus on driving growth in the top line, reducing costs and focusing on value added activities.

- Comparing data sets
- Composing and sending emails
- Automation of clicks, data entry
- Reading, copying, aggregating data
- Entering data into a system
- Rules-based processing and decision making
- Bot management
- Analyzing data
- Developing customer relationships
- Tax planning / issue resolution
- Interaction with the business units
- Landed cost reductions
- Systems upgrades / rollouts
- Managing exceptions
- Strategy
Our intelligent automation tax journey
EY’s internal experience and success
1.7m hours of annual benefit within 2 years of embarking on the RPA journey

- Implemented **240+ bots in EY Americas Tax in 2 years**
- Applied RPA to **200+ processes** – some very complex; **100,000** tax filings
- Estimated value – **1,700,000 annual hours of freed-up capacity in Tax** (and growing); 6 to 9 month payback
- RPA has been catalyst for process improvements and standardization – **200+ internal tax process improvements**
- Sustained business impact – **driving value** for our people, clients and the firm

### Functional area examples
- Business Tax Compliance
- HR recruiting and payroll
- HR onboarding
- Reporting
- Sales and use tax
- Asset management
- Property tax
- Expat tax
- Global tax reporting
- FATCA
- WOTC
- Form 5500s
- Administrative tasks

### Globally connected team
Centralized, global enterprise COE with solution architects and configurators and SMEs with post-production centralized support

### RPA technology deployed internally
Blue Prism and Automation Anywhere

### Efficiency
Automating processes replacing 4+ number of FTEs per Bot

### Sustainability and growth
Light central governance with post-production operational agility and proactive change management
Expanding digital workforce capacity
Sample deliverable after 3 to 5 week end-to-end feasibility assessment
Summary of level 1 and 18 of 33 level 2 (L2) automatable (in yellow) processes

Legend:
- Automatable through RPA
- Currently, not RPA automatable
- Other process improvement / technology initiatives identified
4

Tax hotspots for RPA
Applying RPA to tax to free up valuable time

- **Spreadsheet population and data manipulation**: Data manipulations and entries into a pre-defined Excel templates, including calculations
- **Uploading data into tax software**: Running reports from various systems and uploading the data into tax software
- **Validation of work papers or reconciliations**: Data entry validated against the supporting documents and any discrepancy is flagged off automatically for review
- **Form filling and saving documents**: Complete forms including interacting with external websites and tools, including tax authorities and saving with a pre-defined naming convention
Automation hotspots for Tax Compliance
Common areas where bots help to drive value

1. Extracting information from systems
2. Formatting and work paper creation
3. Data validations and roll-forwards
4. Inputting data into tax systems and forms
5. Generating reports
6. Reconciliations
7. Disclosures and attachments
8. Mailing and printing
9. Efiling
10. Saving work papers and tax returns

High volume  Repetitive  Timing
Case study: Sales and use tax

The challenge
► A significant amount of time is required each month to review tax determinations
► Leaving little time for review resulting in a ~40% error rate.

Why automation
► Mitigate compliance risk
► Reduce costs (i.e. decrease resources for manual processes
► Increase time allocated to review
► Eliminate reverse audit fees
► Accelerate learning agility of tax talent

What we did
► Used Automation Anywhere to automate the download of the data, the preparation of the review workbooks, download of invoices and the preparation of exemption certificates

Outcome
► Significant time savings
► A greater # of invoices are downloaded - a comprehensive review, improving accuracy
► Automation of the exemption certificates and emails results in additional refunds from vendors

setup folders, workflow and download SAP data
review invoices and pull additional ad hoc documentation
review emails and documentation and send emails

prepare review workbook, including identification of erroneous tax codes
download invoices

populate exemption certificates and prepare vendor emails

Link to video

Robot  Human
Case study: Fixed asset reporting

The challenge
► Updating the tax fixed asset register to reflect current period activities and generate depreciation schedules. These updates include assigned tax attributes which are tedious manual and time-consuming tasks. Delayed schedules have an adverse effect on meeting the critical reporting deadline.

Why automation
► A data robot can be programmed to take the critical work steps to confirm that the tax register is updated and error-free in a timely manner.

What we did
► Streamlined updating the tax register to reflect current period activities and generate tax depreciation schedules. At a scheduled time the tax register is updated, reports are generated, formatted and uploaded to the tax department’s SharePoint site.

Outcome
► Significant time savings, increased accuracy and efficiency (less manual keying of data), teams were able to spend more time on review and less time on preparation (better leverage of knowledge worker skills)
► Significant time and labor cost saved

Generate current period asset acquisition and retirement reports from SAP fixed asset module

Align SAP data and assign tax attributes using macro enabled workbooks to create SAGE import map

Import additions, execute dispositions, and generate tax reports

Combine and format depreciation reports and other tax forms

Upload to SharePoint and notify user via email for review

Review tax depreciation schedules

Link to video

Robot

Human
5

Key insights and lessons learned
Seven mantras on our journey

1. Get sponsorship, define strategy and set desired outcomes & targets early in the process
2. Perform the proper analysis upfront to target and prioritize the right processes
3. Start small and build upon automated processes with scale in mind
4. Involve IT early understanding processes to be automated and applications involved
5. Improve processes or eliminate before applying automation
6. Establish the right governance model and monitor progress
7. Establish & execute a strong change management plan and benefits realization tracking
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