SAPinsider

BENCHMARK REPORT

Automation in Finance

Ogo Nwanyanwu
January 2022

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Executive Summary

The growing availability of automation solutions offered by SAP and third-party vendors provides a tailwind for organizations to align best practices with intelligent automation technologies such as robotic process automation (RPA), artificial intelligence (AI), machine learning (ML). Across our SAPinsider community, organizations are increasing investments in financial process automation to enable more robust business processes. These resilient business processes are capable of supporting external and internal business needs. Simply put, finance and accounting professionals are growing impatient. They want intelligent automation tools that can enable them to focus on more strategic tasks, provide enhanced insight, and help their business navigate today's rapidly changing and complex operating environment.

From December 2021 to January 2022, SAPinsider surveyed 213 members of our community to understand how organizations are approaching automation across various financial processes and functions. This report follows our previous research effort on the topic published in December 2020, Automation in Finance Benchmark Report. In our December 2020 report, we learned that a majority of respondents (54%) were not satisfied with their organization's overall approach to finance automation, more explicitly referring to current financial automation solutions and level of intelligent automation in current financial processes.

Fast forward to 2022 - despite increasing awareness of, investments in, and implementation of financial process, a majority of our 2022 Automation in Finance survey audience (53%) remain dissatisfied with their organization's overall approach to finance automation, including current financial automation solutions and level of intelligent automation in current financial processes, (**Figure 1**). While this represents progress from our December 2020 research on automating financial processes, the primary takeaway is that a majority of the SAPinsider community remain unhappy with their overall organizational approach to financial process automation, dating back to Q4 2020.

Figure 1: Respondents not satisfied with overall organizational approach to finance automation
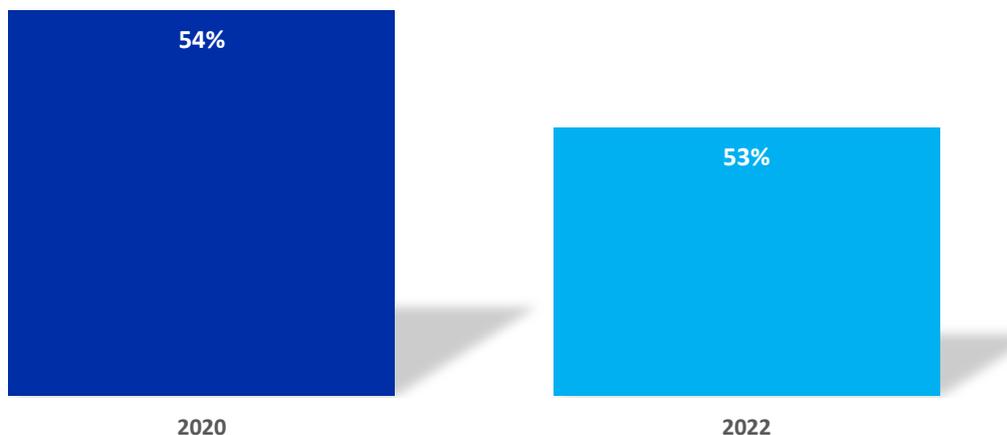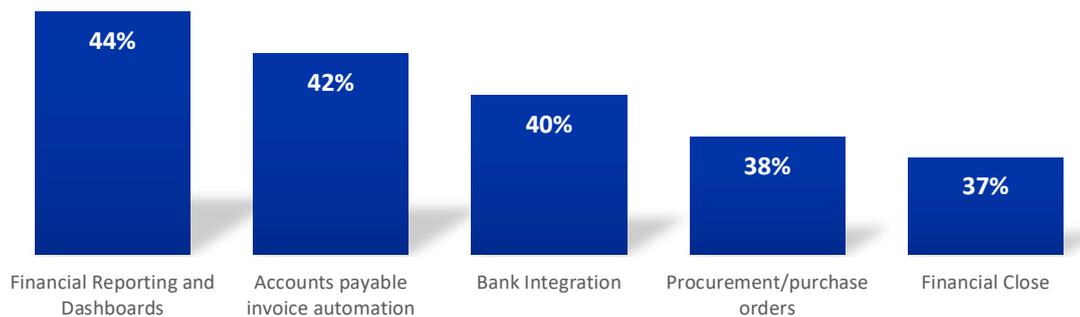

Source: SAPinsider, January 2022

Why the continued dissatisfaction? Survey data, as well as conversations with SAPinsider community members suggest there are higher expectations for the potential benefits and outcomes from financial process automation, due to the technology options available today. Additionally, chief financial officers (CFO) are becoming more involved in setting financial systems roadmaps, creating hope for more tangible outcomes from finance-specific digital transformations. The adoption of cloud finance solutions is also raising the bar for the potential benefits finance and accounting teams can expect from automation in finance.

Similar expectations hold true across the SAPinsider community for the promise of intelligent automation technologies such as RPA, AI, and ML and their potential impact on the finance function. In fact, survey respondents were asked to share the finance technologies, they would prefer to see adopted. Many respondents identified a variety of solutions, most notably SAP S/4HANA, group reporting, FP&A tool, and AR automation. However, the predominant response was RPA, AI, and ML, with one SAPinsider member specifying, *"Financial RPA - because it is considered low-hanging fruit."*

Our data suggests that many organizations have yet to realize the "low-hanging fruit" of financial automation, such as eliminating most paper-based processes and repetitive manual tasks. For the survey respondents that reported not being satisfied with their organizational approach to finance automation, the top benefit they hoped to achieve was the elimination of errors due to manual data entry. Furthermore, the same dissatisfied audience said the need to allocate finance and accounting professionals to higher value tasks and planning activities was the top driver of financial automation. This discontent is evident in both sets of survey respondents (38% in 2020 and 37% in 2022). And yet, this driver is only the fifth most crucial driver according to 20% of 2022 respondents. The inability of some organizations to minimize manually intensive activities and allocate more strategic work to their employees is likely driving dissatisfaction with their organization's approach to finance automation.

Additionally, organizations appear challenged to match the pace of financial automation required to manage the uncertainty across the current business landscape. COVID-19 disruption, virtual work, supply chain dislocations, inflation concerns, and the great resignation, represent some of the major challenges creating uncertainty for organizations across the current operating environment. As a result, organizations are now prioritizing financial automation strategies designed to enable greater operational visibility and enhance current decision-making frameworks. We see the elevation of these business needs across our survey data this year, as financial reporting and dashboard automation represents the top finance function currently being automated by our SAPinsiders. (**Figure 2**)   .

Figure 2: Finance processes or functions currently being automated

Source: SAPinsider, January 2022

The desire for enhanced financial reporting sounds a consistent drumbeat across our surveys and conversations with SAPinsider members. In our November 2021 Benchmark Report, Optimizing Financial Close and Record-to-Report Process, we explored the significance of optimizing the core end-to-end process that finance teams need to deliver critical information to business leaders, stakeholders, and regulators: the financial close and record-to-report process. Respondents from the November 2021 report highlighted the need for better financial reporting, as noted by the finance manager of a Latin-America-based industrial company, who said "our current reporting is poor and needs an urgent update — there are not enough KPIs or dashboards that provide instant visibility."
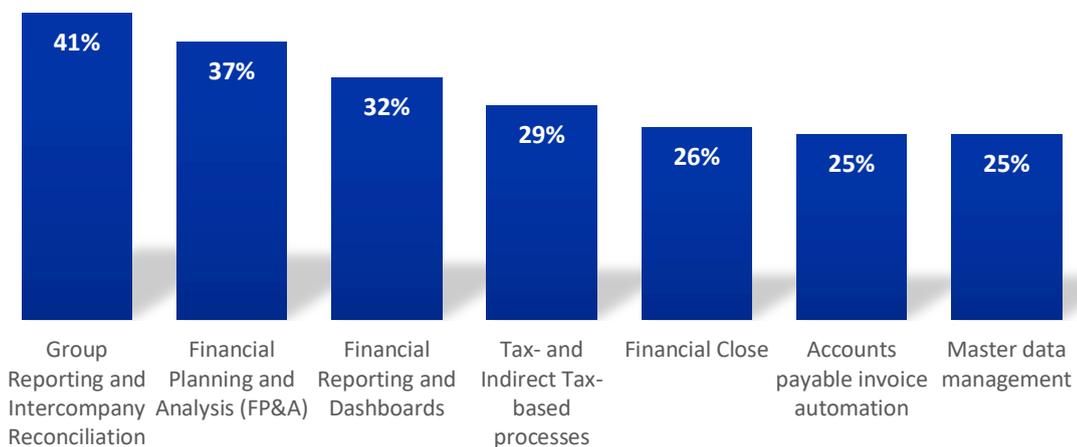
It's no surprise, that organizations are prioritizing their capacity to view timely financial information across roles and teams. Greater access to real-time quality data, across end-to-end processes, is critical for finance teams to deliver timely reports that can provide the business context and analytics needed for organizational visibility. However, many organizations remain challenged by disparate source systems, complex ERP financial systems, and internal data silos, further complicated by manual and repetitive accounting activities. This makes it difficult for organizations to consolidate financial data efficiently for use in financial reporting and dashboard tools, as well as financial planning and analysis (FP&A).

Quality data is the lifeblood of financial process automation and underscores the challenges facing organizations that are prioritizing complex end-to-end financial processes for automation. A drilldown of our survey data provides context behind some of the dissatisfaction in overall organizational approaches to financial automation. We see added complexity reflected in this year's automation in finance research, as the SAPinsider community said group reporting and intercompany reconciliation (41%), FP&A (37%), and financial reporting and dashboards (32%) represent the most challenging financial processes to automate. At least 30% of respondents agree that all three processes are among the most challenge to automate. (**Figure 3**).

INSIDER PERSPECTIVE

„ Financial Close at the month end and year end and real time analysis of reporting is always a challenge to automate.

„

Software Development
Financial Services & Insurance,
APJ & ANZ Region

Figure 3: Most challenging financial processes to automate

| 41% | 37% | 32% | 29% | 26% | 25% | 25% |

| Group Reporting and Intercompany Reconciliation | Financial Planning and Analysis (FP&A) | Financial Reporting and Dashboards | Tax- and Indirect Tax-based processes | Financial Close | Accounts payable invoice automation | Master data management |

Source: SAPinsider, January 2022

The increased focus on financial reporting and dashboard automation is supported by survey data outlining the most important automation goals for SAPinsider organizations. Survey respondents identified efficient end-to-end processes, real-time insights and analytics, and transparency via operational visibility as the top goals for finance automation. **Figure 4** demonstrates that these three goals were selected more frequently by a sizable margin compared to other options.

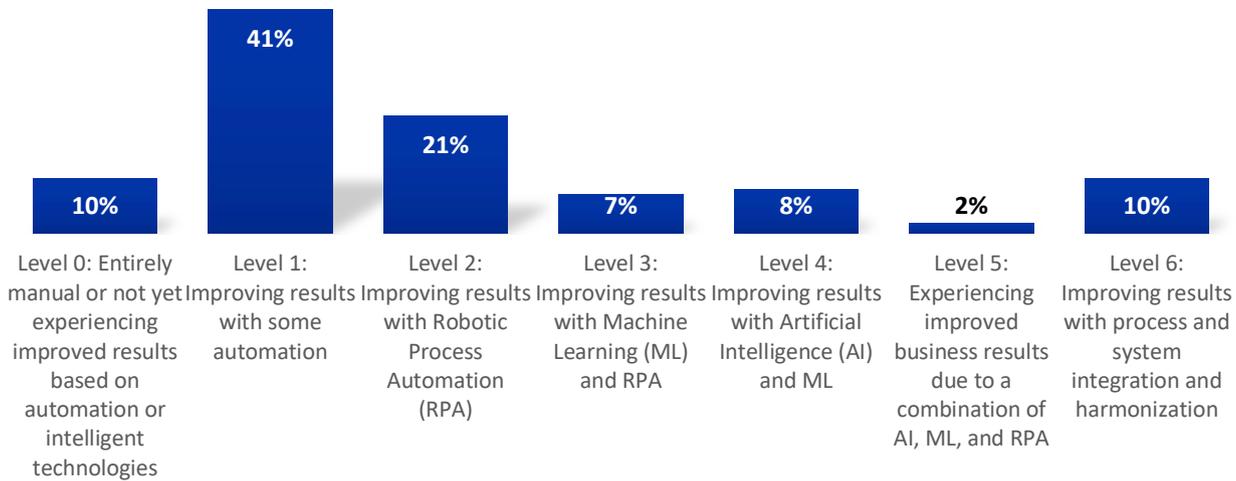**Figure 4: Important finance automation goals for your organization to achieve**

65%	60%	57%	39%	32%	22%
Efficient end to end processes: Increase operational performance to solve day-to-day business challenges	Real time information: Digitize data & processes to gain real-time insights and analytics	Transparency: Get the operational visibility needed while avoiding manual spreadsheet exercises	Less risk: Manage external and internal business risks	Resilience: Build strong, reliable and agile processes to weather uncertainty	Remote readiness: Empower finance teams to WFH anytime & ensure process integrity

Source: SAPinsider, January 2022

We asked respondents for the best description of their organization's financial process and found that 27% of our audience is more advanced than its peers (those who selected levels 3, 4, 5, or 6 in **Figure 5**) in its approach to intelligent automation of financial processes.

These more advanced organizations are leveraging RPA with AI and/or ML for intelligent automation of financial processes. Data from our research suggests that organizations that adopt RPA with ML and/or AI appear closer than their peers to achieving the top three finance automation goals. For the purposes of this report, members in this group of respondents are characterized as "intelligent automation leaders," while the remaining respondents, 72%, are considered "intelligent automation laggards" (those who selected levels 0, 1, or 2 in Figure 5). Laggards describe their financial processes as "yet to see results from any automation strategy" or report seeing some benefits from standard RPA prior to adopting AI or ML**.**

Figure 5: Describe current automation level of your financial processes

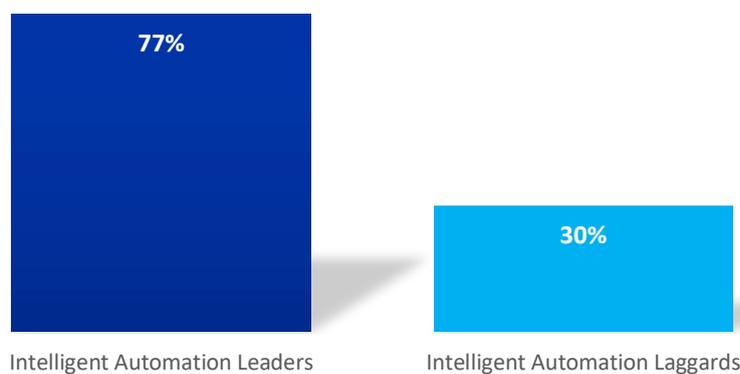| Level 0: Entirely manual or not yet experiencing improved results based on automation or intelligent technologies	Level 1: Improving results with some automation	Level 2: Improving results with Robotic Process Automation (RPA)	Level 3: Improving results with Machine Learning (ML) and RPA	Level 4: Improving results with Artificial Intelligence (AI) and ML	Level 5: Experiencing improved business results due to a combination of AI, ML, and RPA	Level 6: Improving results with process and system integration and harmonization
10%	41%	21%	7%	8%	2%	10%

Source: SAPinsider, January 2022

Additional data on these sub-groups suggests that intelligent automation leaders are early adopters and are benefitting from early investments in automation. Intelligent automation leaders demonstrate greater satisfaction with their current financial automation solutions and level of automation across finance processes (77%) compared to 32% of intelligent automation laggards (**Figure 6).**

Figure 6: Respondents satisfied with overall organizational approach to finance automation

Intelligent Automation Leaders	Intelligent Automation Laggards
77%	30%

Source: SAPinsider, January 2022

By leveraging intelligent automation adoption data to segment our survey respondents, we can explore how leading organizations demonstrating an advanced approach to automation in finance are implementing and investing in financial processes automation.

INSIDER PERSPECTIVE

„ Quicker analysis to drive business decisions is an important goal for us. We currently have 60-70 balance sheet accounts that are manually reconciled monthly, this process is time consuming. At this point, we don't have a current project for automation. „

Finance/Tax Professional, North American Retail Distributor

This year's survey revealed several other trends for automation in finance among SAPinsider community members.

- More than half of organizations continue to see SAP as a key automation partner (53% in 2020 vs. 54% in 2022). Intelligence automation leaders (59%) are doing a better job of leveraging SAP as a key automation partner relative to the general SAPinsider community. Organizations

- Many SAPinsider organizations are turning to third-party vendors to help facilitate more challenging automation projects. Survey respondents demonstrated higher engagement with third parties on challenging automation initiatives, such as group reporting and intercompany reconciliation, financial reporting and dashboards, and tax- and indirect-tax based processes.

- Intelligent automation leaders are experiencing improving results from automation in finance, relative to intelligent automation laggards. For example, 52% of leaders said they have visibility into invoice processing costs compared to 34% of laggards. With that additional visibility, leaders are more effectively capturing available cash discounts on invoices (63% of leaders vs. 51% of laggards). Automation enables business leaders to turn quality data and visibility into insight and value-add business processes.

Required Actions

Based on the survey responses, organizations should make the following plans around their financial close and report-to-report process optimization strategies:

- **Empower finance and accounting professionals to work on more strategic projects by automating routine finance tasks.** Our research reveals that not being able to allocate strategic work because finance professionals are caught up in repetitive tasks is a core frustration. This is core input for many respondents expressing dissatisfaction with their organization's approach to finance automation. By investing in financial process automation driven supported by intelligent technologies (AI and ML), organizations can reduce the manually intensive tasks that prevent professionals for working on more strategic tasks.

- **Prioritize the automation of cash flow and cash visibility across finance functions before automating more complex end-to-end business processes.** The Automation in Finance Benchmark Report published in December 2020 revealed that the SAPinsider community was prioritizing the automation of invoice management, followed by accounts receivable and then sales order processing. Automation of these functions often provided quick and tangible returns on investment (ROI) for organizations. That remains the case in 2022, as survey respondents that are currently automating these three finance functions identified reduced overhead (50%) and minimizing errors due to manual data entry (48%) as the leading expected benefits of financial automaton.

- **Consider financial process automation initiatives that enhance real-time quality data access.** Organizations are increasingly navigating more diverse financial systems to secure and centralize data from source systems for consolidation and reconciliation. Data from our November 2021 Benchmark Report, Optimizing Financial Close and Record-to-Report Process, shows that organizations are managing more data and financial activities outside of core ERP systems, compared to previous years. It's critical to remove paper-based and manually intensive processes that hinder the flow of quality data from source to core ERP, as they represent a headwind to future end-to-end automation and intelligent automation initiatives.

- **Create a long-term holistic plan that incorporates SAP experts, key partners, and third-party vendors to address challenging automation priorities.** According to survey data, the four most challenging financial processes to automate are group reporting and intercompany reconciliation, FP&A, financial reporting and dashboards, and tax- and indirect tax-based processes. However, these finance processes represent core business needs critical for compliance, operational visibility, and timely decision making. Leveraging SAP experts, key partners, and third-party vendors to create a viable automation roadmap represents the best opportunity for success.

Chapter One: Automation in Finance Report Process Overview

Automation in finance enables the finance-specific digital transformation of core finance and accounting processes. These processes often represent the first step of an organization's overall digital transformation strategy. For the SAPinsider community, automation in finance symbolizes a critical evolutionary step designed to help address the complex ERP landscapes, siloed data, disparate source systems, and manual repetitive tasks that can impact the efficiency of finance and accounting teams — from eliminating paper-based tasks to deploying fully integrated and harmonized ERP financial systems capable of delivering results from robotic process automation (RPA), artificial intelligence (AI), and machine learning (ML) enhanced business processes. We have learned from previous finance automation reports that organizations typically start with automating functions related to cash flow and cash visibility before moving to end-to-end finance processes. In this report, we explore various approaches to arrive at automation in finance and surface some best practices for SAPinsiders.

Best Practices Model – DART

SAPinsider grounds its research insights in our proprietary DART model. This research model provides practical insights that connect business Drivers and Actions to supporting Requirements and Technologies. Drivers represent internal and external pressures that shape organizational direction. Organizations take Actions to address those Drivers. Certain people, processes, and capabilities serve as Requirements for those strategies to succeed. Finally, they need enabling Technologies to fulfill their Requirements.

In this report, the top drivers were calls to modernize real-time reporting and analytics on finance data to improve planning/forecasting, and the move to SAP S/4HANA provides opportunity for automating finance processes. To satisfy these drivers, respondents indicated that they are building end-to-end visibility across finance function workflows and processes, automating invoice management and/or procurement processes, applying to financial processes best-in-breed and process-specific automation solutions, and leveraging financial automation capabilities within SAP S/4HANA.

To support their automation in finance strategies, our survey respondents indicated they needed several requirements, including automated and standardized closing processes and alerts, deep integrations between automation solutions and their ERP, people who have a deep understanding of current financial processes, and elimination of paper from financial processes. Respondents also use or plan to use a wide range of tools and technologies to support these requirements for automating financial processes.

Respondents' answers to our survey and interview questions revealed clear trends that are summarized in **Table 1** and will be examined throughout this report.

Table 1: DART model framework for automation in finance

Drivers	Actions	Requirements	Technologies
• Calls to modernize real-time reporting and analytics on finance data to improve planning/forecasting (39%) • The move to SAP S/4HANA provides opportunity for automating finance processes (31%)	• Building end-to-end visibility across finance function workflows and processes (43%) • Automating invoice management and/or procurement processes (34%) • Leveraging financial automation capabilities within SAP S/4HANA (31%) • Applying best-in-breed, process-specific automation solutions to financial processes (30%)	• Automated and standardized closing processes and alerts (81%) • Deep integrations between automation solutions and the ERP (75%) • People who have a deep understanding of my current financial processes (75%) • Elimination of paper from financial processes (71%)	• RPA platform (30%) • AP invoice management automation solution (28%) • Purchase order automation solution (28%) • Sales order processing automation solution (22%) • AR automation solution (21%) • Cash application automation (19%) • Financial close automation solution (17%) • Intercompany balance sheet reconciliation and automation solution (17%)

What Drives Automation in Finance?

For members of the SAPinsider community, generating key insights into business operations that can facilitate improved decision-making sits at the core of their approach to automation in finance. Reporting and analytics, empowered by real-time information, can provide business leaders with much needed transparency for robust financial planning & analysis (FP&A) activities. This provides context for the top driver of automation in finance: calls to modernize real-time reporting and analytics on finance data to improve planning/forecasting (39%), as seen in **Figure 7**.

Figure 7: Top drivers for automation in finance

39%

Calls to modernize real-time reporting and analytics on finance data to improve planning/forecasting

31%

The move to SAP S/4HANA provides opportunity for automating finance processes
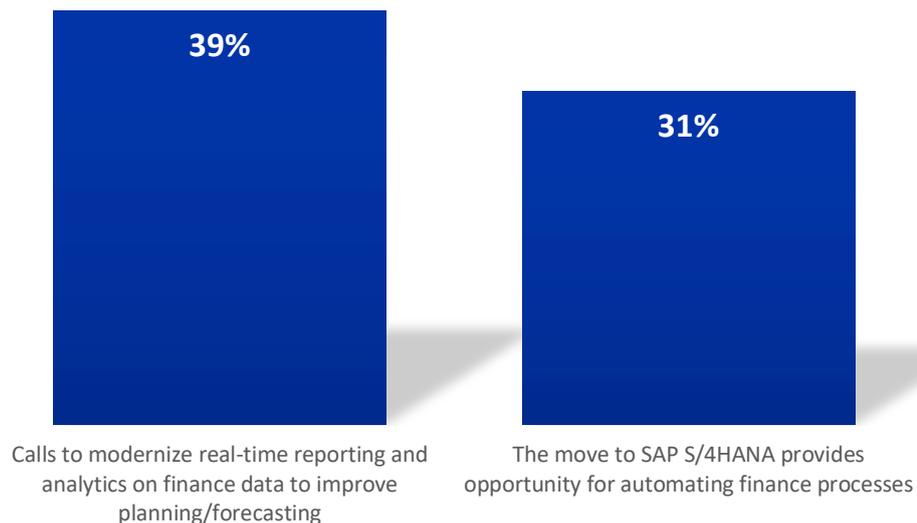
Source: SAPinsider, January 2022

The second driver of automation in finance, according to 31% of respondents, is that the move to SAP S/4HANA provides opportunity for automating financial processes. Finance and accounting teams are increasingly compiling more diverse financial data across fragmented technology landscapes to consolidate financial information. SAP S/4HANA for Central Finance and the Universal Journal offer centralized reporting and a single version of truth for financial information, designed to enable access to quality data needed for automating finance processes.

How Do SAPinsiders Address Their Drivers?

Building end-to-end visibility across finance function workflows and processes (43%) represents the most important action for survey respondents (**Figure 8**). This action addresses the core driver: a move to SAP S/4HANA provides opportunity for automating financial processes. Finance systems such as integrated ERP systems with robust finance-specific features and modern architecture allow finance teams to check the accuracy of financial and operational metrics in real time.

Figure 8: Top actions to address drivers of financial automation
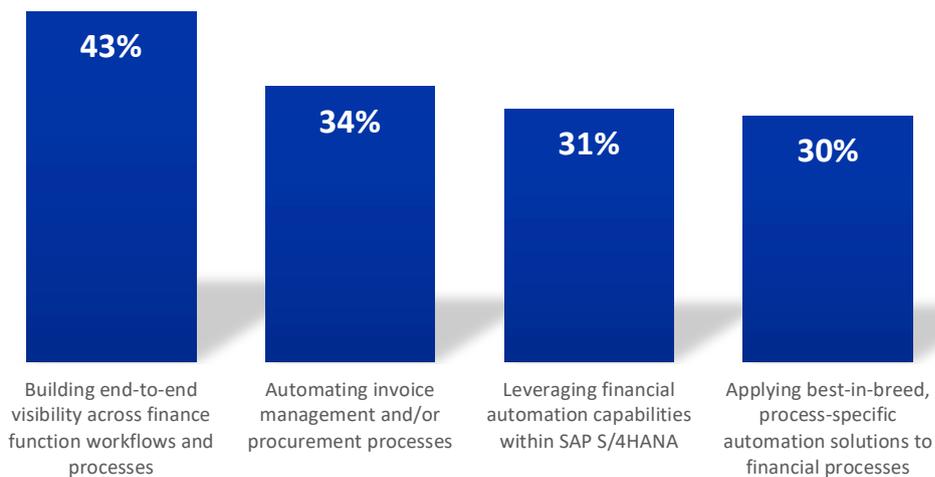
Source: SAPinsider, January 2022

The second core strategy identified is invoice management and/or procurement processes (34%), and connects to the number two driver, a move to SAP S/4HANA provides opportunity for automating financial processes. Investments in finance automation can enable many efficiencies for finance teams, including being able to monitor transactions and alerts in real-time, process payments, handle disputes more promptly, provide better service to partners, manage risk, and improve collections.

The next crucial action is leveraging financial automation capabilities within SAP S/4HANA (31%), and the fourth strategy is applying best-in-breed and process-specific automation solutions to financial processes (30%). These actions address both core drivers of financial automation. When finance automation is implemented, finance teams can become more efficient and deliver faster reporting across finance processes. Modernization can enable cross-functional reporting and information access, supporting workflows that provide better insight into operations.

Key Takeaways

Based on our research with respect to automation in finance, the following takeaways are clear:

- **Explore automation options available with SAP S/4HANA.** For organizations characterized as intelligent automation leaders, the move to SAP S/4HANA as an opportunity for automating financial processes is the top driver. Leaders show greater prioritization of SAP S/4HANA as a key financial automation technology, relative to intelligent automation laggards (41% of leaders vs. 27% of laggards).

- **Evaluate financial planning, reporting, and analysis tools with modern architecture designed to enable real-time insight automation and prescriptive analytics.** Generating greater insight into business operations that can facilitate improved decision making and enhanced customer experience. Intelligent automation leaders view improved customer experience and satisfaction as the top benefit they expect to achieve from financial automation.

- **Develop a robust plan to facilitate accounts payable invoice automation adoption (APIA).** represents a core financial automation priority for our the SAPinsider community. Survey respondents also say it's among the most difficult to automate. Organizations should engage key partners and third-party vendors and develop an adoption roadmap.

- **Prioritize quality data.** Confirm that source systems feeding business activities and transactions into the core ERP financial system are efficient by eliminating paper-based processes and manually intensive back office tasks associated with recording and collecting source data.

INSIDER PERSPECTIVE

" Biggest concern is quality of data. As multiple disparate systems evolved over decades, they have a very different set of standards and practices. Making it work in automated fashion is quite difficult without doing a thorough cleansing of data. Something which makes all stakeholders a bit worried to start upon. "

IT Professional
Industrial Company
APJ & ANZ Region

Chapter Two: How Do SAPinsiders Approach Automation in Finance?

In terms of technology, automation in finance encompasses both process automation technologies as well as finance-specific software systems that allow finance teams to automate repetitive finance tasks that were previously manual and, paper-based processes. From finance automation technologies that automate data analytics and budgeting and forecasting to procurement integration and invoice management solutions that enable finance teams to automatically handle finance operations such as accounts payable and receivables, organizations have a vast array of technology options available to meet the requirements of finance automation strategies.
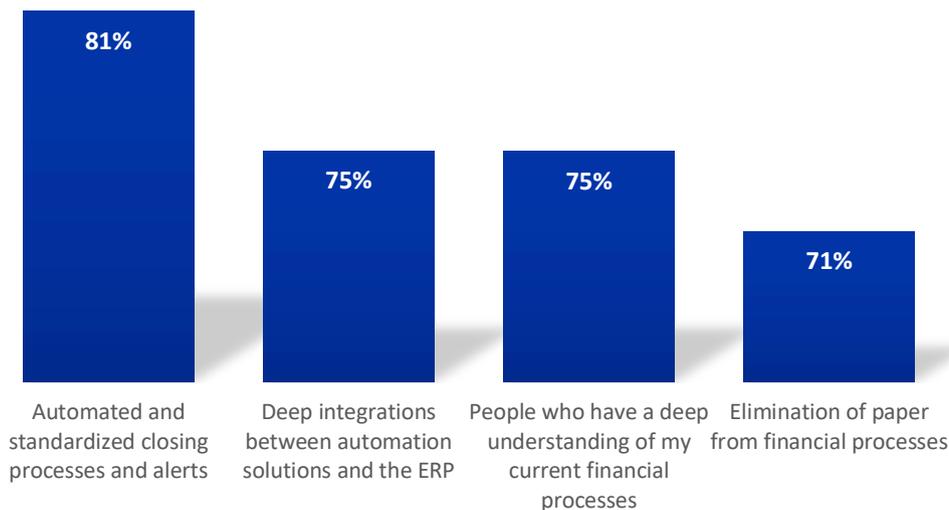
Top Automation in Finance Requirements

Automated and standardized closing processes and alerts was the only requirement to achieve alignment from 81% of survey respondents (**Figure 9**). We learned from our November 2021 Benchmark Report, Optimizing Financial Close and Record-to-Report Process, that the financial close represents the top pain point for the SAPinsider community. The automation of invoice management and/or procurement process can enable more efficient automated and standardized closing processes and alerts, allowing organizations to build end-to-end visibility into the closing cycle.

Figure 9: Top requirements for automation in finance

Automated and standardized closing processes and alerts	81%
Deep integrations between automation solutions and the ERP	75%
People who have a deep understanding of my current financial processes	75%
Elimination of paper from financial processes	71%

Source: SAPinsider, January 2022

Three in four survey respondents selected deep integrations between automation solutions and the ERP as the second most crucial requirement, as this result aligns with the strategy of building end-to-end visibility across finance function workflows and processes

People who have a deep understanding of my current financial processes was tied for second most important requirement for respondents, with 75% of survey respondents reporting it as important or very important. This requirement supports the actions of building end-to-end visibility across finance function workflows and processes, as well as leveraging financial automation capabilities within SAP S/4HANA.

The fourth and final crucial requirement with at least seven in ten survey respondents was the elimination of paper from financial processes (71%). This requirement supports the strategies of automating invoice management and/or procurement processes and applying best-in-breed, process-specific automation solutions to financial processes.

Finance leaders are actively investigating financial automation technologies to understand how to modernize their finance operations and help finance teams more effectively support finance and operations back-office processes — from accounts payable invoicing automation to cash application automation. For finance managers that can identify the correct requirements, they can achieve success and understand the right solutions that best fit their functional and technical needs.

Which Technologies Do Respondents Use for Automation in Finance?

Robotic process automation (RPA) platform (30%) is the leading finance automation technology used by the SAPinsider community (**Figure 10**). Comments from survey respondents confirm the importance of automating business processes with RPA. Organizations are using artificial intelligence (AI) to make their businesses more efficient and effective. They're able do this through robotic practices that can define, identify, and change data to trigger jobs/transactions with other applications and systems.

Figure 10: Automation in finance tools and technologies currently in use

Technology	Percentage
RPA PLATFORM	30%
AP INVOICE AUTOMATION SOLUTION	28%
PURCHASE ORDER AUTOMATION SOLUTION	28%
SALES ORDER PROCESSING AUTOMATION...	22%
AR AUTOMATION SOLUTION	21%
CASH APPLICATION AUTOMATION	19%
FINANCIAL CLOSE AUTOMATION SOLUTION	17%
INTERCOMPANY BALANCE SHEET...	17%
WHAT-IF SIMULATIONS FOR FP&A	9%
CAPEX REQUEST AUTOMATION APP	9%
TASK MINING SOLUTION	9%

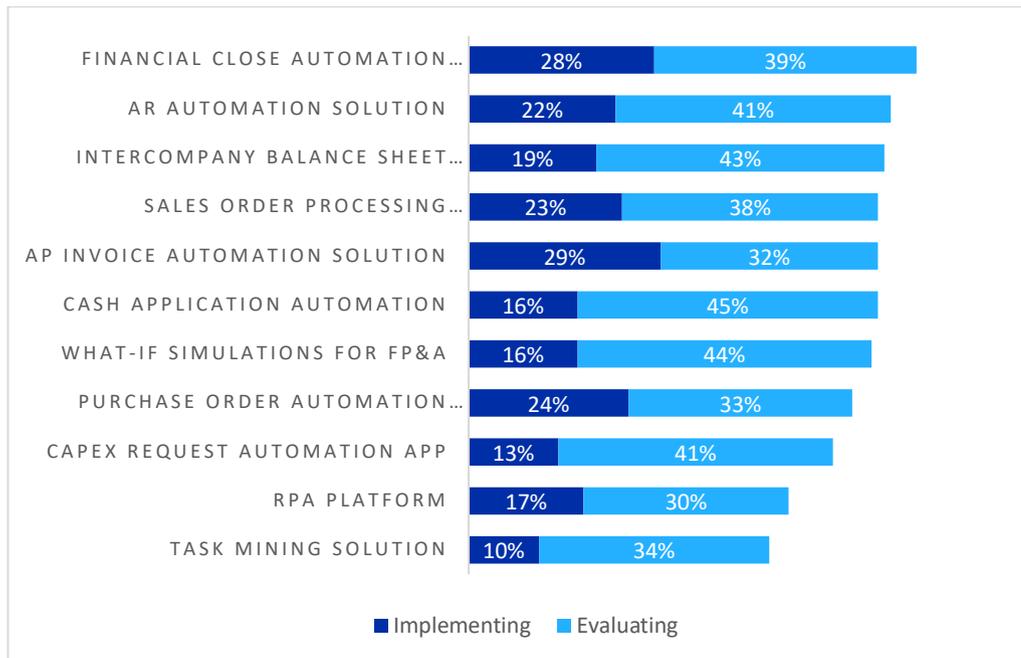**Source: SAPinsider, January 2022**
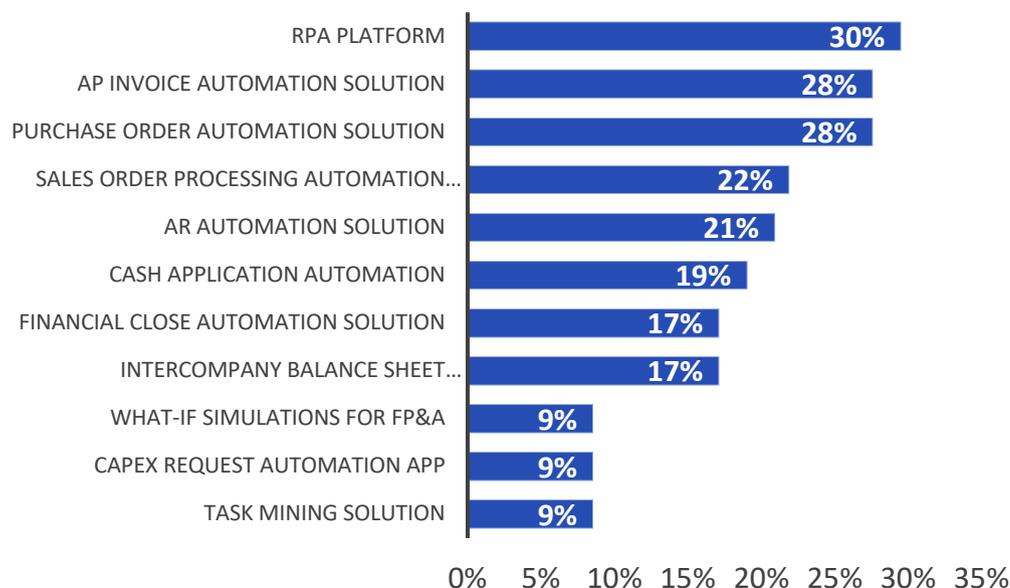
INSIDER PERSPECTIVE

" We have a lot of customized solutions across different landscapes. Hence it takes time for evaluation and risk & impact analysis before proceeding with automation of any process.

"
~ IT Professional
Software & Technology Company,
APJ & ANZ Region

The next five most popular financial automation solutions currently in use by the SAPinsider community are AP invoice automation (28%), purchase order automation (28%), sales order processing (22%), AR automation (21%), and cash application (19%). These technologies are tied to cash flow and cash visibility finance functions. Automation of these solutions is critical to eliminating paper-based processes that can lead to manually intensive and repetitive tasks. Of these solutions, AP invoice automation could see greater adoption moving forward, as this technology is the top solution organizations appear ready to implement (28%), as seen in **Figure 11**.

Figure 11: Automation in finance tools and technologies being implemented and evaluated

Technology	Implementing	Evaluating
FINANCIAL CLOSE AUTOMATION…	28%	39%
AR AUTOMATION SOLUTION	22%	41%
INTERCOMPANY BALANCE SHEET…	19%	43%
SALES ORDER PROCESSING…	23%	38%
AP INVOICE AUTOMATION SOLUTION	29%	32%
CASH APPLICATION AUTOMATION	16%	45%
WHAT-IF SIMULATIONS FOR FP&A	16%	44%
PURCHASE ORDER AUTOMATION…	24%	33%
CAPEX REQUEST AUTOMATION APP	13%	41%
RPA PLATFORM	17%	30%
TASK MINING SOLUTION	10%	34%

■ Implementing ■ Evaluating

Source: SAPinsider, January 2022

Popular technologies in use, including RPA platform and purchase order automation, are also seeing strong implementation rates among the SAPinsider community.

Despite lower current utilization, cash application, what-if simulations for FP&A, and intercompany balance sheet reconciliation and automation are projected to see robust adoption moving forward, with less than 20% of respondents currently implementing the financial automation technologies and at least 40% of respondents' organizations evaluating the solution. Automating finance functions related to cash flow and cash visibility remains a priority for organizations, as they are popular technologies in use and experiencing strong implementation and/or evaluation rates among the SAPinsider community. What-if simulations for FP&A is also poised for stronger adoption within the SAPinsider community, as 26% of respondents currently implement the solution and 44% continue to evaluate.

Overall, organizations are continuing investments in a variety of financial process automation solutions and tools. No solution is garnering more than 30% adoption. However, organizations yet to implement these solutions to support finance automation goals risk falling behind peers, as intelligent automation leaders have been early in their finance automation investments.

Key Takeaways

When it comes to equipping organizations with the capabilities and technologies required for automation in finance, consider the following:

- **Enable scaling of automation adoption by standardizing, documenting, and optimizing processes before automating them.** Organizations should engage stakeholders and people with a deep understanding of current financial processes, to re-engineer good business processes for automation and avoid automating poor processes and workflows. The automation of poor processes translates to poor results, and will lead to project delays to address core problems.

  Consider cash application automation early in the roadmap. Organizations can secure quick automation wins with cash application automation. Intelligent solutions are readily available and capable of managing finance process that are manually intensive. Some survey respondents (11%) identified this function as the least challenging to automate, suggesting this may be an ideal place for organizations to begin their automation journey**.**

- **Explore RPA platform adoption for finance processes**. The automation of routine finance and accounting tasks can provide the first step towards broader intelligent enterprise roadmap. RPA adoption provides the bridge to intelligent automation, where we see leading organizations enjoy higher satisfaction of current financial automation solutions and level of automation across finance processes (77% of leaders vs. 32% of laggards).

- **Evaluate cloud-based analytics tools with what-if simulations for FP&A.** Organizations are giving strong consideration to the future implementation of what-if simulation for FP&A, as 44% of respondents are currently evaluating the technology. The current uncertainty across the business landscape does not appear to be going away any time soon. This elevates the need to model complex situations and test future economic behavior and conditions, to support planning activities. Automation of financial processes and deep EPR integration can enable access to quality data, allowing cloud-based analytics tools, such as SAP Analytics Cloud, to empower what-if simulations and modeling for FP&A.

Chapter Three: Required Actions

Relative to intelligent automation laggards, intelligent automation leaders are further along in the automation of critical financial processes, likely building on early foundational investments in financial automation initiatives. These organizations are prioritizing automation in finance initiatives that leverage intelligent technologies such as RPA, AI, and ML to drive cognitive, predictive, and prescriptive operational opportunities designed to enable business growth.
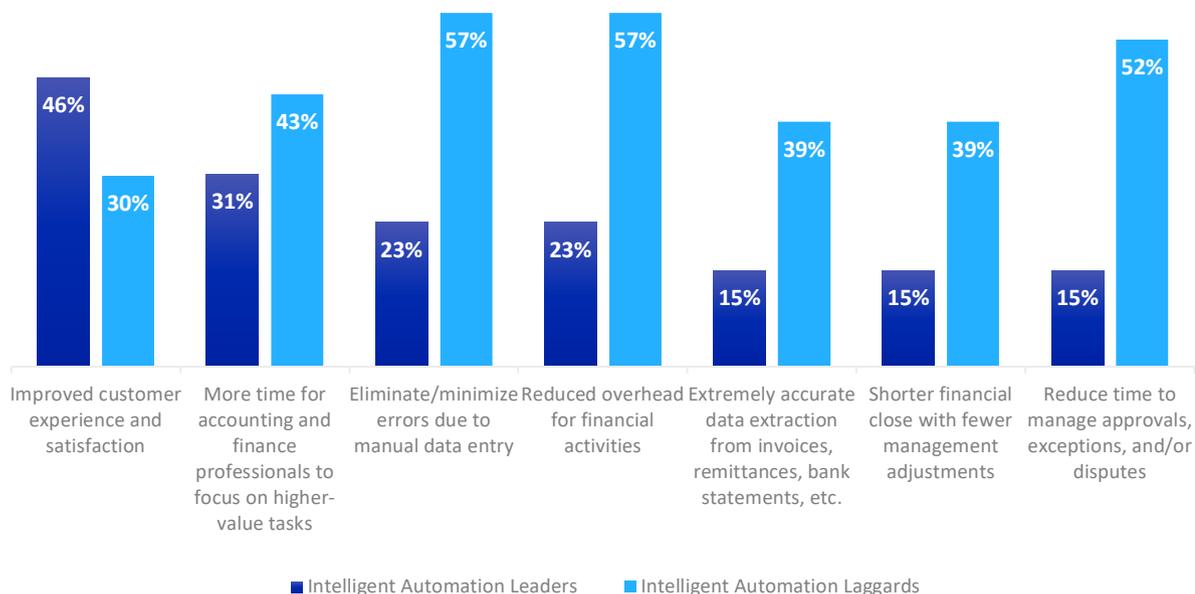
Contrast that against the automation priorities of intelligent automation laggards, our data reflects a focus on the automation of core business processes in need of operational efficiency improvements supported by some financial automation and standard RPA, without the use of AI or ML. We can better understand the different financial automation profiles of intelligent automation leaders and laggards by examining the expected benefits leading and lagging organizations hope to achieve with their current financial automation investments and initiatives.

Intelligent automation leaders are prioritizing the financial automation benefits of improved customer experience and satisfaction well ahead of laggards (46% of leaders vs. 30% of laggards), as seen in **Figure 12.** Conversely, we see laggards prioritize the remaining operational

Figure 12: Expected benefits from financial automation (Leaders vs. Laggards)

Legend: Intelligent Automation Leaders / Intelligent Automation Laggards

Categories: Improved customer experience and satisfaction (46% / 30%); More time for accounting and finance professionals to focus on higher-value tasks (31% / 43%); Eliminate/minimize errors due to manual data entry (23% / 57%); Reduced overhead for financial activities (23% / 57%); Extremely accurate data extraction from invoices, remittances, bank statements, etc. (15% / 39%); Shorter financial close with fewer management adjustments (15% / 39%); Reduce time to manage approvals, exceptions, and/or disputes (15% / 52%)
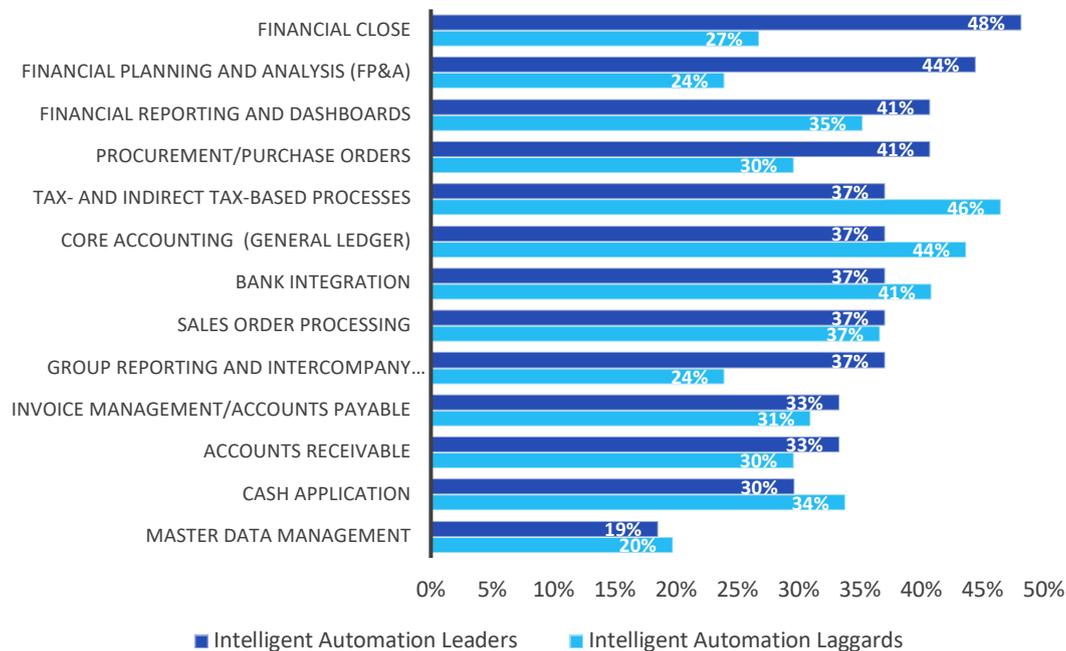
Source: SAPinsider, January 2022

A drilldown of the financial automation initiatives of intelligent automation leaders versus laggards shows leaders prioritizing more complex financial process to enable more robust operational opportunities in the areas of reporting, planning, modelling, and visualizations.
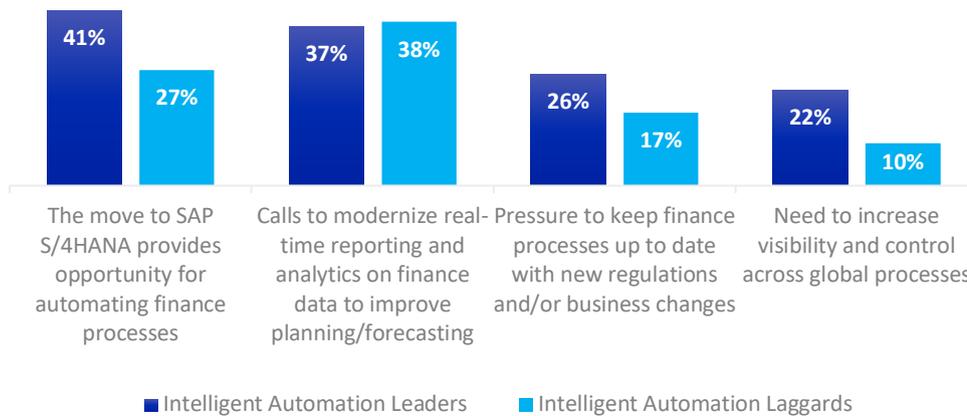
Laggards' automation initiatives appear to prioritize financial processes within steps of the order-to-cash cycle, as well as initial accounting cycle steps, such as transaction recording and general ledger activities (**Figure 13**).

Figure 13: Finance processes currently being automated (Leaders vs. Laggards)

Process	Leaders	Laggards
FINANCIAL CLOSE	48%	27%
FINANCIAL PLANNING AND ANALYSIS (FP&A)	44%	24%
FINANCIAL REPORTING AND DASHBOARDS	41%	35%
PROCUREMENT/PURCHASE ORDERS	41%	30%
TAX- AND INDIRECT TAX-BASED PROCESSES	37%	46%
CORE ACCOUNTING (GENERAL LEDGER)	37%	44%
BANK INTEGRATION	37%	41%
SALES ORDER PROCESSING	37%	37%
GROUP REPORTING AND INTERCOMPANY…	37%	24%
INVOICE MANAGEMENT/ACCOUNTS PAYABLE	33%	31%
ACCOUNTS RECEIVABLE	33%	30%
CASH APPLICATION	30%	34%
MASTER DATA MANAGEMENT	19%	20%

■ Intelligent Automation Leaders　■ Intelligent Automation Laggards

Source: SAPinsider, January 2022

In terms of drivers, we see both intelligent automation leaders and laggards equally prioritize the driver of calls to modernize real-time reporting and analytics on finance data to improve planning/forecasting. However, intelligent automation leaders see the move to SAP S/4HANA provide opportunity for automating finance processes as the top driver of automation in finance (**Figure 14**).

Figure 14: Top drivers for automation in finance (Leaders vs. Laggards)

Legend: ■ Intelligent Automation Leaders   ■ Intelligent Automation Laggards

Chart data:

- The move to SAP S/4HANA provides opportunity for automating finance processes — Leaders: 41%, Laggards: 27%
- Calls to modernize real-time reporting and analytics on finance data to improve planning/forecasting — Leaders: 37%, Laggards: 38%
- Pressure to keep finance processes up to date with new regulations and/or business changes — Leaders: 26%, Laggards: 17%
- Need to increase visibility and control across global processes — Leaders: 22%, Laggards: 10%

Source: SAPinsider, January 2022

SAP S/4HANA for Central Finance and the Universal Journal offer core capabilities for centralizing data and creating a single source of truth to empower both internal and external reporting, as well as consolidate information on the underlying business. These technologies are critical for document tracking to support compliance requirements that help address frequent regulatory updates. Leaders appear to prioritize the pressure to keep finance processes up to date with new regulations and/or business changes, considering it the third most important driver and ahead of laggards. SAP S/4HANA capabilities can also enable enhanced real-time data for powering visualizations and reporting dashboards.

Leading respondent organizations (37%) that demonstrated greater intelligent automation adoption ahead of intelligent automation laggards are prioritizing actions to automate invoice management and/or procurement processes. Similarly, these leading organizations are prioritizing the action to leverage financial automation capabilities within SAP S/4HANA (Figure 15). Automation in finance encompasses both process automation technologies and ERP finance systems — such as SAP S/4HANA — that allow finance teams to automate repetitive finance tasks that were previously manual, paper-based processes. From procurement integration to invoice management solutions to bank integration solutions, finance departments today have a vast array of technology options available for finance automation that enable finance teams to automatically handle finance.

Figure 15: Top actions for automation in finance (Leaders vs. Laggards)
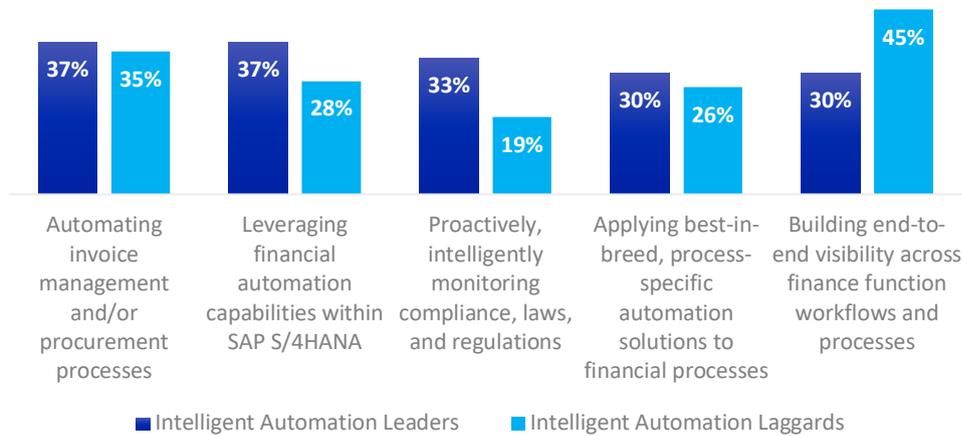
Source: SAPinsider, January 2022

According to our research, most leaders (81%) view a deep integration between automation solutions and ERP as an important or very important requirement for financial process automation, (**Figure 16**). This supports the core actions leveraging financial automation capabilities within SAP S/4HANA and proactively, intelligently monitoring compliance, laws, and regulations. Automation technologies such as transaction replication and centralization solutions, group reporting, and global tax engines require deep integrations to provide timely updates and data flows from source systems into the core ERP.

Figure 16: Top requirements for automation in finance (Leaders vs. Laggards)
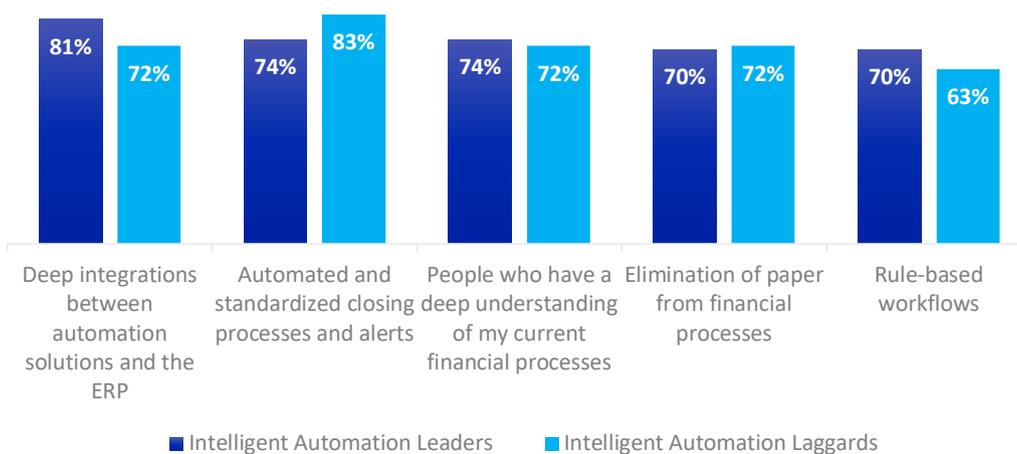
Source: SAPinsider, January 2022

The technology utilization of leading organizations shows greater prioritization of financial automation technologies. Popular financial automation technologies where both respondent segments align include RPA platform, AP invoice automation, and purchase order automation. However, leaders stand out relative to their peers in the way they utilize a few technologies, including those related to cash application (33% leaders vs. 13% laggards), financial close automation (26% of leaders vs. 11% of laggards), and task mining solution (19% leaders vs. 4% laggards), as seen in **Figure 17**.
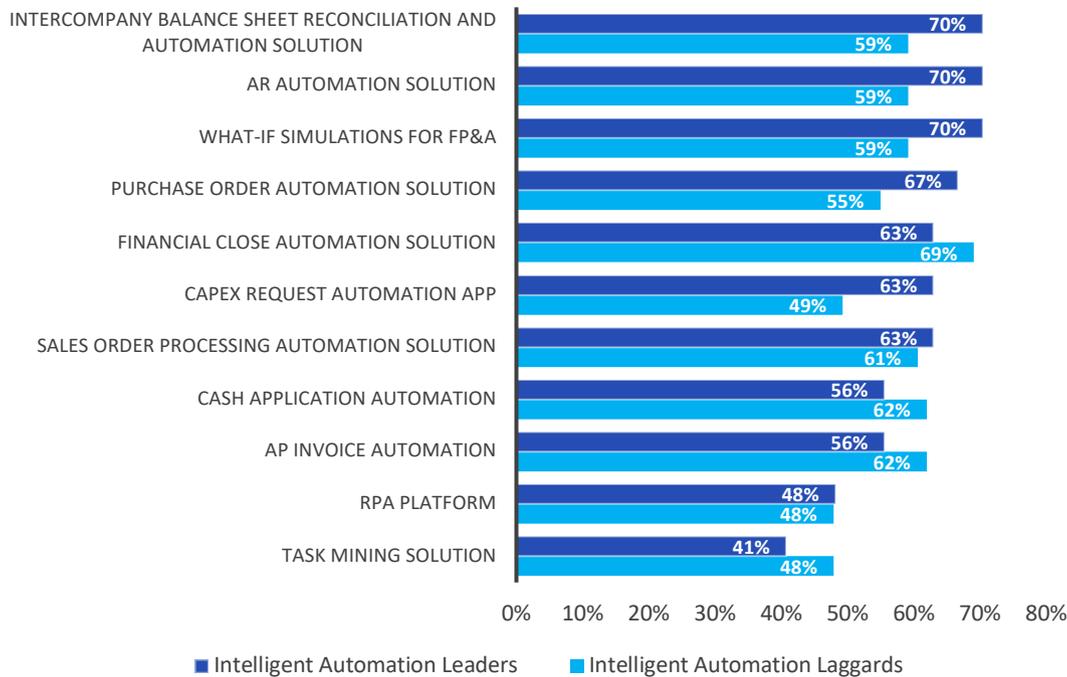
Figure 17: Automation in finance tools and technologies currently in use (Leaders vs. Laggards)

■ Intelligent Automation Leaders   ■ Intelligent Automation Laggards
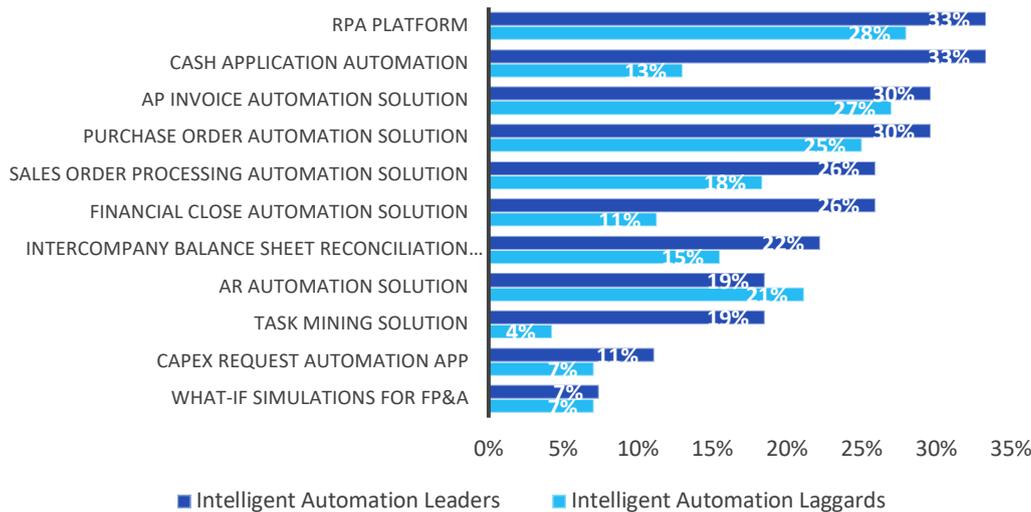
Source: SAPinsider, January 2022

There are many options to improve automation in finance, but it will require organizations to take a holistic and collaborative approach with SAP, key partners, and third-party vendors to address complex automation challenges. Our research suggests leaders are further advanced than laggards in regarding implementation and evaluation of financial automation technologies for future investment (**Figure 18**). These technologies can enable automating processes where possible, standardizing data formats, and breaking down data silos, to facilitate real-time quality data and robust reporting.

Figure 18: Automation in finance technologies and tools being implemented and evaluated (Leaders vs. Laggards)

Technology/Tool	Intelligent Automation Leaders	Intelligent Automation Laggards
INTERCOMPANY BALANCE SHEET RECONCILIATION AND AUTOMATION SOLUTION	70%	59%
AR AUTOMATION SOLUTION	70%	59%
WHAT-IF SIMULATIONS FOR FP&A	70%	59%
PURCHASE ORDER AUTOMATION SOLUTION	67%	55%
FINANCIAL CLOSE AUTOMATION SOLUTION	63%	69%
CAPEX REQUEST AUTOMATION APP	63%	49%
SALES ORDER PROCESSING AUTOMATION SOLUTION	63%	61%
CASH APPLICATION AUTOMATION	56%	62%
AP INVOICE AUTOMATION	56%	62%
RPA PLATFORM	48%	48%
TASK MINING SOLUTION	41%	48%

Source: SAPinsider, January 2022

Automation in finance is an increasingly critical area of focus for SAP customers. Therefore, understanding the best practices from organizations demonstrating a leading approach is vital to the SAPinsider community. This is especially true for intelligent automation of financial processes, as investments made today that leverage RPA, ML, and AI will drive operational opportunities to support growth and future-proof business processes. Cognitive, predictive, and prescriptive financial automation solutions, coupled with robust real-time reporting, visualizations, and modelling, represent the next wave of operational excellence.

Leading organizations see cash application and AP invoice automation solutions, harmonized and integrated ERP financial systems, and RPA platform with AI/ML technologies, as the foundation for intelligent financial process automation. These leading organizations are continuing to invest and evaluate financial automation technologies, capable of improving results from intelligent automation initiatives. Laggard organizations risk falling behind even further, and risk frustrating finance and accounting teams, that are not able to prioritize strategic tasks due to manually intensive and paper-based activities.

Steps to Success

Our research reveals that SAP customers should apply the following key steps to support their automation in finance strategies:

- **Approach finance automation with clear understanding of your compliance, governance, and security needs.** Intelligent automation leaders see SAP S/4HANA and the pressure to keep to date with regulations as more significant driver of finance automation than laggard organizations. However, automating poor processes does not solve business needs, organizations should heavily integrate robust compliance, governance, and security into controls that empower a global process ownership model.

- **Center financial automation strategy around RPA and intelligent technologies, including AI and ML.** The technology represents one or two top solutions leaders are evaluating to enhance financial close and record-to-report capabilities, indicating a greater consideration for future investment relative to their peers. Intelligent automation leaders are experiencing high satisfaction with their overall organizational approach to finance automation.

- **Explore your automation strategy within the context of an SAP S/4HANA migration, and confirm you are standardizing and automating future-proof business processes.** Along with the accounts payable invoice automation, cash application automation and RPA platform, SAP S/4HANA is among the technologies that appear to form the foundation for an intelligent automation in finance strategy. The move to SAP S/4HANA provides opportunities for automating finance processes is the top driver for intelligent automation leaders.

- **Engage key stakeholders, finance leaders, and employees to develop a clear plan for training and change management.** Finance processes are long-established and entrenched in daily business operations. Furthermore, finance teams are often resistant to change. To automate finance processes, finance professionals must be educated about digital finance transformation and technology platforms that can empower finance teams with real-time data from the finance system of record.
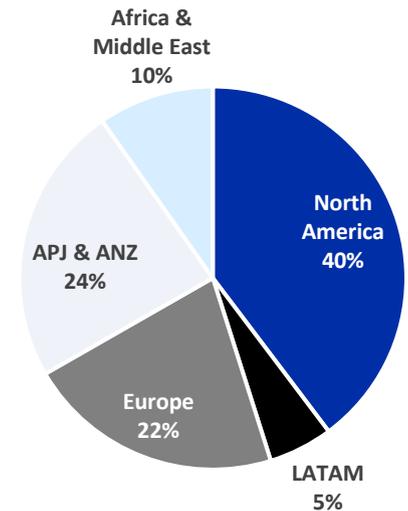
Methodology

From December 2021 to January 2022, SAPinsider examined the experiences of business and technology professionals about how they are automating financial processes. Our survey was administered to 213 members of the SAPinsider community and generated responses from across a wide range of geographies, industries, and company sizes. Respondents completed an online survey and provided feedback in customer interviews that questioned them on topics such as:

- What financial areas or processes are the most challenging for your organizations to automate?

- What financial areas or processes is your organization currently automating?

- Which of the following best describes your financial processes?

- Which of the following are important goals to achieve for your organization?

The demographics of the respondents included the following:

- **Job function:** Functional areas reported by respondents include: IT, Software, Development (46%); Finance, Accounting, Tax, Professional Services (34%); Risk, Compliance, Legal (10%); Other (5%); Manufacturing (3%); and E-commerce/Retail (2%).

- **Market sector:** The survey respondents came from every major economic sector, including: Software & Technology (35%), Industrial (32%); Financial Services & Insurance (9%); Public Services & Health Care (6%); Retail & Distribution (6%); Media & Entertainment (6%); and Hospitality, Transportation, and Travel (4%)

- **Geography:** Of our survey respondents, 40% were from North America; 24% were from Asia-Pacific, Japan, and Australia (APJ & ANZ); 22% from Europe; 10% from the Middle East, and Africa (EMEA); 5% were from Latin America (LATAM)

PARTICIPANT PROFILE

Africa & Middle East 10%

North America 40%

APJ & ANZ 24%

Europe 22%

LATAM 5%

Appendix A:
The DART™ Methodology

SAPinsider has rewritten the rules of research to provide actionable deliverables from its fact-based approach. The DART methodology serves as the very foundation on which SAPinsider educates end users to act, creates market awareness, drives demand, empowers sales forces, and validates return on investments. It's no wonder that organizations worldwide turn to SAPinsider for research with results.

The DART methodology provides practical insights, including:

- **Drivers:** These are macro-level events that are affecting an organization. They can be both external and internal and require the implementation of strategic plans, people, processes, and systems.

- **Actions:** These are strategies that companies can implement to address the effects of drivers on the business. These are the integration of people, processes, and technology. These should be business-based actions first, but they should fully leverage technology-enabled solutions to be relevant for our focus.

- **Requirements:** These are business and process-level requirements that support the strategies. These tend to be end-to-end for a business process.

- **Technology:** These are technology and systems-related requirements that enable the business requirements and support the company's overall strategies. The requirements must consider the current technology architecture and provide for the adoption of new and innovative technology-enabled capabilities.

SAPinsider

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