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How to Know When RPA is Right for Your Organization?

ASK THE EXPERTS

Organizations are using Robotic process Automation (RPA) in almost every enterprise business process. It has become the foundation for an organization's long-term automation strategy. Organizations continue to automate the finance function with solutions including RPA, machine learning, artificial Intelligence (AI) and blockchain.

> "Companies are looking to lower costs by streamlining processes and increasing productivity while improving the overall customer experience. Robotic Process Automation (RPA) is an important step along the automation and digital transformation spectrum and for CFOs, it is the weapon in their "automating finance" arsenal"
>
> — Mario Desiderio, Managing Director at Huron.

The Institute for Robotic Process Automation defines RPA as the application of technology that allows employees in a company to configure computer software or a "robot" (bot) to capture and interpret existing applications for processing a transaction, manipulating data, triggering responses, and communicating with other digital systems.

More specifically, it is software that automates and assigns standardized, rules-based, repetitive, high-volume processes involving several interoperable systems—which were traditionally executed by humans—to a bot. Bots, like human systems "users," are granted access to enterprise applications and data sources within or outside the organization (e.g. information exchanges, supplier portals and even unstructured data sources).

Within the context of a larger digital transformation strategy, explains Mario Desiderio, Managing Director at Huron, RPA is both a key building block and a bridge between different data sources. "To some extent, it is the glue that creates a frictionless experience," he says.

Why Invest in RPA? – An Imperative for Finance

Industries that are achieving early gains from RPA are those with high transaction volumes and shared back-office services such as financial services, insurance and healthcare. However, as Alex Seran, Managing Director at Huron, notes, RPA can deliver benefits across the board in all industries.

"Any company that has implemented shared services or outsourced its back-office functions, including finance, HR, payroll or other areas, can probably drive internal efficiency and lower third-party outsourcing costs as their business partners automate. Use cases are becoming commonplace across all commercial industries and the public sector."

"Some estimates of costs savings are approaching 80-plus percent," he adds, "when you do the math on the number of North American organizations that outsource back-office functions, the potential for resource reallocation and economic benefits are huge—in fact, for many organizations Intelligent Automation using RPA will be game changing."

Data from FEI/Robert Half 5th annual benchmarking survey reveals the opportunity:

- If you outsource payroll: 47 percent of U.S. companies can cut costs by applying RPA to payroll BPO.
- If you reconcile your accounts manually, 59 percent of U.S. companies can gain process efficiency and reduce labor costs by applying RPA to reconciling their accounts.
- IDC Insights, a global provider of market intelligence research conducted an analysis of the Asian banking sector. Ten early adopters of RPA in that sector were able to recover their initial RPA investment – or break even within 10-24 months of deployment.

> "In an analysis of 10 early adopters of RPA in the Asian banking sector, IDC Insights, a global provider of market intelligence research, estimates that technology buyers can recover their initial RPA investment or break even anywhere from 10 months to 2 years."

"Generally, any process that requires routinized access to different discrete systems—in-house or third-party applications—becomes an excellent candidate for RPA, including vendor portals," says Alex Seran, Managing Director at Huron.

There is tremendous opportunity for RPA in the compliance space, explains Mario Desiderio, specifically within financial services where a bot can be used to automate data capture, link to third-party verification systems and eliminate a series of manual processes. "When you're originating a loan, there's a lot of information that needs to be captured—both third-party as well as personal data—to make a compliant claim or a compliant loan. There's considerable cost savings, or avoidance, that can be achieved by ensuring organizations get it right up front. It can also help prevent losses on the back end."

However, it's not only direct costs that CFOs should consider. As Alex Seran explains, "every aspect of the finance function can see the potential benefits of RPA. Reporting, audit, fraud, standard agreements, working capital management, deployment of resources, time to close, credit facility management and tax are all RPA candidates." What's most important is that the organization should "think business process first and technology as an enabler of the process," adds Seran.

RPA can become even more powerful when applied to customer- or supplier-facing activities. "For customers, it's the added customer satisfaction from the predictability, speed and quality of the work," emphasizes Seran.

Bots are streamlining cross-functional processes such as payables management. "One of the common high-payback automations uses RPA in combination with machine learning techniques inherent in leading intelligent intake engines - think next-generation optical character recognition and language processing", says Seran "Bots can efficiently interact with ERP systems and supplier portals to execute 2-way or 3-way match tasks that facilitate invoice payment and achieve early-pay discount benefits.

Moreover, bots can quickly identify RNI (Received Not Invoiced) issues, thus driving more accurate accounting and reporting."

When it comes to quarterly reporting, RPA can not only reduce the time to close by collecting data more efficiently, but it also delivers benefits for the broader finance team. "During the intense close, consolidation and reporting cycle, RPA can reduce or eliminate off-hours administrative workload." notes Alex Seran. "There's an opportunity to achieve a better work-life balance, greater job satisfaction and positive workforce engagement, which is a high value-add that people might not think about when considering an RPA investment."

Maximizing Your Return On Investment: Role of the CFO

With so much potential, how do CFOs get started on their RPA strategy to ensure maximum ROI? CFOs play critical leadership roles when it comes to automation strategies and impactful RPA programs. "One of the key roles for CFOs in the automation/RPA journey is to share their vision, and make sure they feel confident about where the company is headed, explains Mario Desiderio. The CFO provides a 'tone at the top' that engages and aligns corporate interests including business and technology leaders and other key stakeholders. "After all, for every change in technology, it's the human factors that will decide if it's a success or failure – and for the CFO, managing change may be the most important part of getting RPA right for the finance function and the entire company," he adds.

> "CFOs with a bias for action, rather than simply reporting and analysis, are setting the pace in their organization."
>
> — says Seran.

The CFO is uniquely positioned for his or her role in RPA, having a cross-functional view of the organization's efficiency, costs, control issues and culture. He or she is astutely aware of organizational strengths and weaknesses. This perspective helps a CFO call upon expert advice at the outset and throughout an automation program.

"And, they recognize the importance of teaming with IT and functional leadership, he adds. Success requires a realistic - and holistic -view of automation, within the context of topbusiness priorities, the current IT environment andto a large degree the culture of the organization.

The CFO is a bridge builder, bringing the right people to the table and ensuring an appropriate balance between the work of external experts, internal stakeholders and the implementation team. "It's through this collaboration that the CFO will ensure minimal risk," Desiderio explains, "as well as maximum benefits across the board."

Ultimately, it's the CFO that establishes a shared vision and drives key decisions while establishing accountability for results.

What to listen for to determine an RPA Need

- I need to contain the selling and administrative costs and get more out of the resources we currently have.
- Our information technology solutions are covered with band aids that require too much administration.
- We don't have the budget to fully replace our information technology systems so we need innovative ways to make them work.
- We're merging but will need a bridge between IT platforms. I have to keep the post-merger and acquisition costs down to be viable.
- My regulatory burden is getting heavier every year and more complicated. I need to simplify the compliance process.

Problem Areas RPA Can Help Address

Improve working capital efficiency by shortening business process cycle time (e.g. issuing customer invoices, processing supplier invoices, processing receiving and returns documentation, and other shared services tasks).

Eliminate risk of human data entry error.

Augment human review and efficient reconciliations.

Reduce compliance burden by accelerating identification of potential compliance matters (e.g., changing regulatory requirements and understanding tax code changes).

Improve the audit process by accelerating the collection and validation of information required by internal and external audit teams.

Execute efficient and effective controls testing for standardized controls, e.g., automated review of system log files to support assessment of operation within control limits.

Collect and prepare data required for financial reporting more efficiency and reduce time to close (e.g., supplemental schedules and notes).

Enhance employee engagement and satisfaction by eliminating the need to perform repetitive, lower-value tasks.

Top Tips for CFOs

1. Create a dedicated group or an RPA enter of Excellence (COE)
   - Evaluate the "readiness" of your organization, including governance, culture, process ownership, skills and accountability for results.
   - Dedicate a team (centralized, decentralized or hybrid) to guide, evaluate, develop and implement your strategy.

2. Provide mechanisms for thoughtful collaboration and prioritization of RPA initiatives, e.g.:
   - Appoint liaisons from key business processes and conduct ideation workshops to evaluate options
   - Or, invite employees from across the organization to recommend potential applications of RPA via a crowd-source approach to encourage broader workforce to propose candidates.

3. Evaluate the optimal relationship between internal stakeholders and external consultants.
   - Develop internal functional and technical talent while recruiting to fill key gaps.
   - Use consultants to share leading practices for establishing a COE or to jump-start a pilot.

4. Evaluate RPA as a stepping stone toward future application of Artificial Intelligence
   - Leverage RPA to accelerate delivery of digital transformation initiatives
   - Implement RPA with other technology enablers such as intelligent intake, natural language and image recognition, predictive analytics, machine learning, and more).

5. Identify potential risks early on.
   - Confirm process readiness (Avoid automating bad processes)
   - Work with business and IT authorities to understand data security concerns and establish controls

6. Prioritize and execute based on transparent criteria.
   - Set targets based on RPA impact on business priorities.
   - Measure quantitative impact and qualitative outcomes.

7. Engage employees and exercise fundamental principles of organizational change management.
   - Establish realistic expectations and ongoing management structures.
   - Prioritize development of workforce skills and capabilities

ABOUT HURON

Huron is a global professional services firm committed to achieving sustainable results in partnership with its clients. The company brings depth of expertise in strategy, technology, operations, advisory services and analytics to drive lasting and measurable results in the healthcare, higher education, life sciences and commercial sectors. Through focus, passion and collaboration, Huron provides guidance to support organizations as they contend with the change transforming their industries and businesses.

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