

Automating the finance function

In less than five years, taxis have been 'uberised'. Now, robot taxis are currently being tested in Japan. New technologies are contributing to the emergence of new entrants to the market. This is true in our day-to-day life, and it can be seen in the world of business, which is undergoing a slow and steady, major (r)evolution.

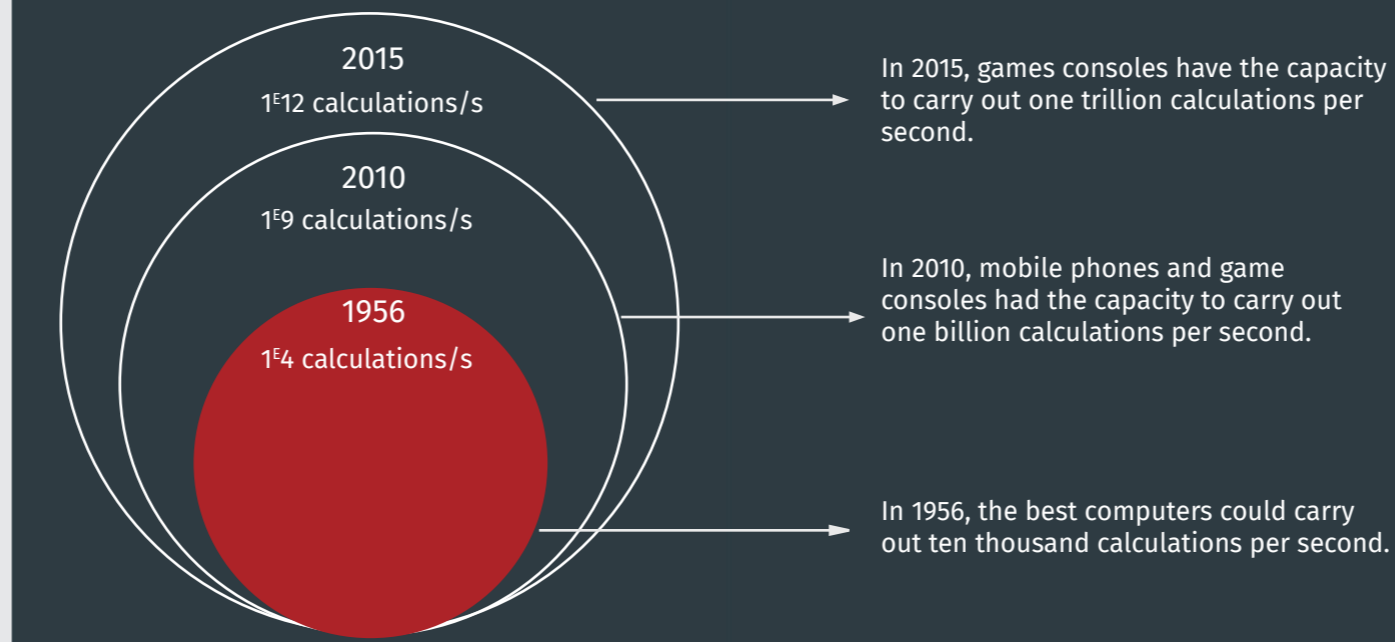
Four factors are driving and intensifying this movement.

- New technologies are democratised; never before have they been so accessible to all. Technically speaking, the computing and storage capacities of IT tools are growing exponentially, thanks in particular to ever-smaller processors.
- Within all companies, new business models are emerging, while strategies and organisations are refocusing on their clients.
- Working methods are being reinvented: New generations are working differently and have new aspirations when it comes to the world of work. Jobs and careers are changing.
- Frequently, business applications are brought together in a Financial Enterprise Resource Planning (ERP) system, including the conversations between the stakeholders arranged in workflows. The complexity and cost of developments limit the improvement and adaptation of processes.

Robots designed for the finance function arrived in France in 2016. The name of the technology associated with these objects is only three letters long: RPA — Robotic Process Automation. These IT applications are implemented on companies' IT servers or on the employee's computers, for the purposes of carrying out repetitive or low-value tasks. These robots are automatic programmes that are activated by operative events which are captured in the information system. These

operative events may be a transaction in the ERP, a threshold being exceeded, or a closing milestone.

The development of computer processing power in our daily lives from 1956 to 2015



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The implementation of these robots responds to a desire for operational efficiency both in their specification and in their use.

The automatic programmes are generally configured by mimicking the actions of accountants, financial controllers and any other HR or IT system administrators. The

specifications are created using a decision tree or a video recording of the movements of the mouse's cursor onscreen. In a production environment, the IT application will carry out business transactions as often as is necessary – 24 hours per day, 7 days per week. By way of analogy, the robot transforms into a 'virtual' worker that can be quickly and easily trained to do the jobs required.

In order to be suitable for automation, processes must fulfil two criteria: the source

data must be digital, and the process structure must be stable and based on clearly established and formalised management rules.

Meeting these prerequisites does not appear to be insurmountable for any mature organisation. The situations where they can be used are unlimited as they can relate to all areas of finance. In practice, automated work is of a transactional or decision-making nature.

1. Administrative transactional-related situations — Loading/aligning repositories

After configuration, the robot is able to retrieve source data from a website (for example, a bank's secured website) or the company's information system (upstream in the process), collate this data into a spreadsheet and then integrate the data into a downstream application. The robot can finalise its work by sending a summary notification email to the accountant in charge of the process.

2. Situations involving integrating decisions modelled in an algorithm — Managing discrepancies following the reconciliation of 'intra-group' or 'intercompany' transactions

Usually, this type of reconciliation is carried out using two data extractions from information systems that are specific to each legal structure (the purchasing company and the selling company). In the event of a discrepancy, accountants from both companies coordinate with one another, adjust flows and provide rationale for their accounts.

With RPA, extractions are edited and stored on the network. Discrepancies are calculated as defined in the specifications (for example, the

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Four steps for implementing an organisational structure within the administrative and finance department



calculation of discrepancies on the granular level of invoices). Entries are then directly recorded in the accounting system by the robot, on the basis of rules stated in the group's closing instructions (for example, adjusting the intercompany flows for the seller's position for all the flows exceeding a certain threshold). All the non-reconciled flows are treated as exceptions and may be listed in a spreadsheet and forwarded for manual processing.

Automation via RPA addresses three main issues:

- 1) Harmonising and securing processes
- 2) Reducing costs
- 3) Saving time for professionals who can focus on higher, added-value work

While these issues are easy to grasp, it is still necessary to get organised in order to integrate this new technology into your finance department. Since the summer of 2016, companies have generally organised themselves in four steps: training their teams, stating their requirements, experimenting and, finally, implementing it within their finance departments.

The first two steps remain fairly standard, but essential, especially when a company begins using a new tool. Training helps make employees aware of technological developments and avoid any potential obstacles involved in the transition. The statement of requirements also provides the opportunity for people to ask questions, carry out initial calculations about the return on investment and measure the impacts on the organisation and the information system.

Experimentation consists firstly of testing the automation based on a simple situations (known as a POC – Proof Of Concept), then gradually expanding the scope of processes that are to be automated in the test IT environment (known as the pilot), before migrating the pilot to the production environment in order to validate the estimated gains (project phase). Beyond the technical aspect of the organisation in project mode, the finance department will have to decide on 'go'/'no go' for each phase.

If a 'go' is given, the finance department will define the terms of use of this new RPA tool. Should it be applied across the board on all processes, or is it a specific tool that can be used when needed by accountants and financial controllers?

If widespread deployment is chosen, the implementation of an RPA solution is gradually carried out, process by process, in order to keep producing figures (without creating or handling a service internally). During this stage, the integration of robots is monitored in project mode to avoid a budgetary slide and in order to maintain the pace of deployment.

The few French and European companies that have decided to integrate robots into their organisations have all centralised their specification, development and maintenance skills within a dedicated team. In this case, the RPA platform must be managed like a centre

of excellence in order to avoid being seen as a 'black box' – a processing apparatus whose methods are opaque.

RPA is a synonym for innovation in the finance function. The finance department must learn how to use these new tools. The automation of processes has a ripple effect since it completely overhauls, standardises and improves manual processes. However, exceptions and deviations remain widespread for auditors, despite a strong capacity for anticipating and controlling uncertainty. The added value of accountants and financial controllers will reside, even more so tomorrow than today, in their capacity for finding solutions to often unforeseeable difficulties. ■

From black box to a centre of excellence

