The Future of Automation in the Finance Function

Global Survey 2020

FSN®
The Modern Finance Forum

Insights from the FSN Modern Finance Forum on LinkedIn

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Dear Colleagues,

FSN's "Future of Automation in the Finance Function" Survey 2020 provides a fascinating insight into the likely direction of finance systems automation and I would like to say a special thank you to everyone who took the time to contribute their views, helping us to frame the issues, concerns and trends that will define likely progress over the next 5 years.

It has been a of course a difficult year, and the disruption has exposed weaknesses in processes, technology and skills, yet the research provides cause for optimism. It is definitely the case that the COVID crisis has delayed finance systems automation projects in some industries, but there is also evidence of a renewed determination amongst finance professionals to make up for lost time and indeed accelerate where possible investment in innovation and automation.

The results of this survey are truly exciting and show that investment in finance systems is very worthwhile. For the very first time (to the best of my knowledge) this research provides empirical evidence of the link between digital transformation, corporate performance and agility. Those that have transformed their processes have been able to ride out the current crisis much more easily than those that have not invested. They are not only well positioned for the new era of home-working but are also demonstrably more capable of responding to new information demands and market changes. In other words, they are more agile in the face of market disruption, able to make quicker decisions and are more resilient to economic shock.

Helpfully, the report identifies the unique qualities of these automation leaders, finding that among the many notable qualities that make them stand out and succeed, is a commitment to process standardization, an enterprise-wide perspective of process change across all functional areas and a balanced approach to automation which ensures that organizations grow their finance capabilities in sympathy with their customer-facing systems.

The survey strongly signals the importance of using the next twelve months wisely. With some enterprises saying that they could delay projects for up to two years or until COVID is over, there are very clear opportunities for organizations that grasp the nettle now. Even if they are not in a position to invest now, many can do the 'thinking' while they wait, for example, the process redesign and evaluation of potential solutions.

We hope that you find the survey's findings set out in this document thought-provoking and interesting. But above all we hope that the contents of this report together with FSN's 2020 "Innovation Showcase" just released, will inspire you to explore and discuss the future of automation in your own organization with your colleagues.

Regards,

Gary Simon

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CEO FSN & Leader of the Modern Finance Forum

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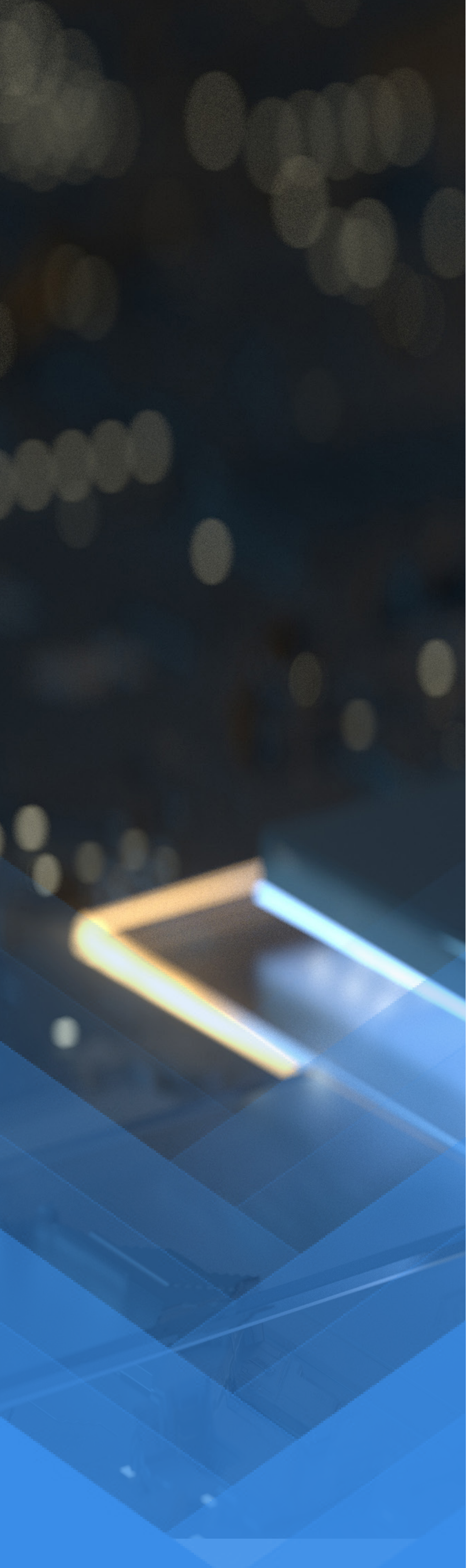


Executive Summary

Executive Summary

Automation is an essential step in the evolution of the modern finance function. Unfortunately, the COVID crisis has exposed the gaping holes in finance's core capabilities caused by insufficient automation. Manual tasks, inefficient processes and a lack of data insight are holding back finance functions and preventing them competing effectively in a tumultuous market that has been upended by the COVID disruption.

For the many organizations that haven't yet automated, the current delays and business interruptions should be seen as an opportunity to ensure future projects have the best chance of success. This means facilitating standardization and planning as well as redesigning processes so that the same inefficiencies are not perpetuated, even after automation.

Only 9% of organizations managed to transform their finance function through automation before the COVID pandemic, but the agility they enjoy is a strong incentive for others to follow now.

COVID impact

The finance function faced severe disruption during the abrupt and unexpected lockdown period. Many automation projects either already started pre-COVID or in the pipeline were delayed or canceled and budgets were cut. The impact was felt across all the core finance processes but most strikingly in budgeting, planning and forecasting (BPF) which was hamstrung by the twin perils of a lack of automation and the vastly altered economic situation.

In addition, companies had to manage an entire workforce that needed to work from home at short notice. Many struggled to accommodate this change quickly and effectively. Manual office-bound tasks came under pressure, as did the over-reliance on paper documents which were no longer accessible.

Many of these issues would have been moot if companies had already moved to digitize their processes before the pandemic. The research clearly shows that businesses that had invested in finance transformation and automation before the crisis took hold, were in a much stronger position to fend off the challenges the pandemic posed.

But the pandemic has also served as a signal that things must change. More than half of CFOs and finance executive admit that the COVID pandemic has heightened and accelerated the need to invest in automation.

The automation gap

The finance function doesn't have the most illustrious record of successful automation projects. Only half regularly review automation opportunities on an annual basis, a few never do. And the automation gap remains large, with three quarters of survey respondents saying they could do more or much more to automate finance. BPF was exploited the least of the four core finance processes. Almost half said their finance function has experienced little or no change due to automation.

Where automation has been attempted, only a third said their projects have met their expectations. And even though standardization is a key objective for over 90% of CFOs, around half of all automation projects fail to meet expectations. One of the reasons why companies fail to drive forward automation projects in the finance function is that they do not take an enterprise-wide view of the process. Less than 30% of companies actively redesigned their processes across all functional areas and business units affected by the process.

Unfortunately, finance is still losing out heavily to investment in customer facing systems. Only 28% of companies take a balanced approach to investment across customer-facing and back office finance systems, and only 15% of investment is completely finance inspired. All of this suggests that CFOs are not making a good enough case for investment with their board colleagues. They complain of a lack of time to implement new systems, while disorganized data and siloed business functions can equally get in the way of true finance change. But the pandemic has highlighted just how important closing the automation gap is.

Misdirection

When finance investment is made, it is not necessarily targeting the most important changes, and in some cases overlooking vital areas of focus. For example, budgeting, planning and forecasting is the process most disrupted during the uncertain period of COVID, but it's also the one least likely to have been automated. Only 12% of companies are currently implementing BPF automation, while 29% have no plans to at all, and 17% will evaluate it at some point in the next two years.

These key indicators lag behind the other core processes of Order to Cash (OTC), Record to Report (R2R) and Purchase to Pay (P2P). However, the tide may be turning. The remaining 32% of senior finance leaders are currently evaluating BPF automation.

But there are other areas of automation interest that are being completely ignored or sidelined. Artificial intelligence ranks very low on the list of priorities for finance automation, despite offering very profitable benefits through insight generation. Collaboration is overlooked as an objective for automation, but the COVID pandemic has at least highlighted the critical importance of collaboration for the many who will continue to work from home after the lockdowns have eased or simply for process efficiency.

Some of the obstacles to automation cited by CFOs include time pressures, a lack of Board buy-in and lack of real-life examples. But the most common obstacles, which 58% of respondents highlighted was that the company had not yet fully exploited the capabilities of what they had in place already.

Automating our way out of disruption

Companies with foresight who had already transformed their processes before the COVID pandemic struck were able to use their modern finance platforms to help ride out the uncertainties and impacts of the crisis. Strikingly, they were less likely to delay or cut budgets to ongoing or future automation projects

The business of finance was less impacted across all the core processes, including BPF which was hard hit within companies that had failed to make operational progress through automation. And those companies that had transformed their operational effectiveness through automation had fewer issues with the sudden and widespread home working instigated by the global lockdowns.

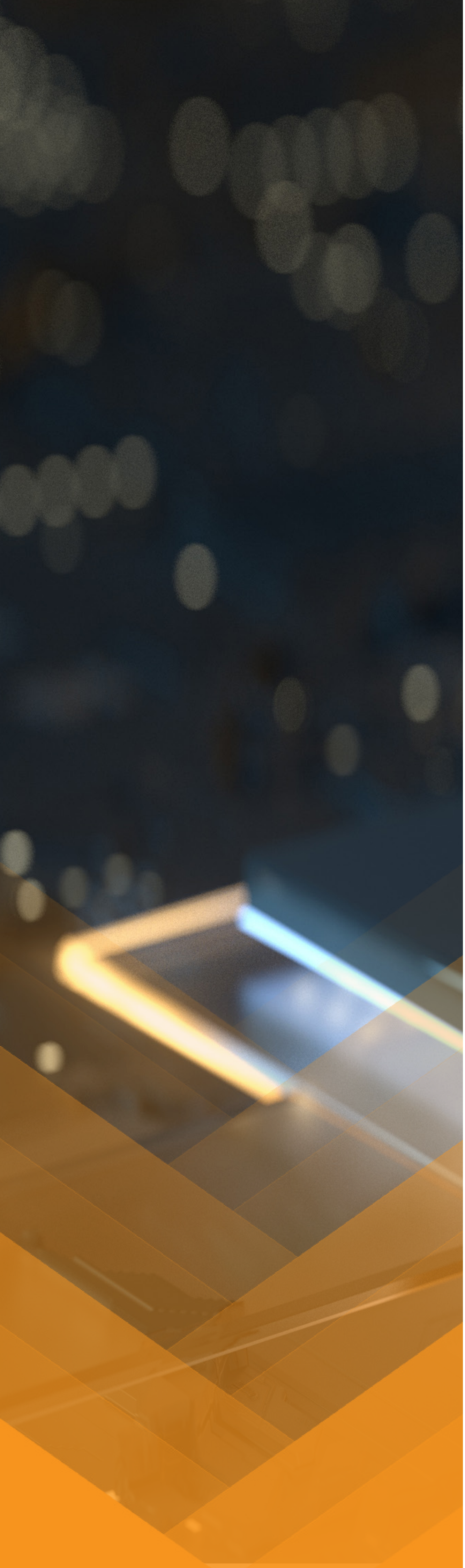
Characteristics of an automation leader

Automation leaders shared several traits and practices that enabled them to sidestep the worst aspects of the COVID disruption. They were more likely to review automation opportunities annually, rather than let them languish for years or ignore them altogether.

They also took a holistic approach to investment in automation, ensuring the benefits were evenly distributed across the enterprise. This compares to the investment of companies that had not managed to transform through automation, which was largely focused on front-office systems, while the finance function muddled along with manual processes and inefficiencies.

Finally, automation leaders had their priorities straight. Standardization, the key precursor to automation, was a primary objective for all of them. And they didn't shy away from artificial intelligence and machine learning, including them in the basket of automation technologies that can significantly improve process efficiencies and assist with the automation of manually intensive processes.

Perhaps a decade ago, finance automation would have been less urgent, amplified by less choice in applications. Today, business model disruption, improvements in technology and the vastly changed competitive landscape is making finance automation a necessity rather than a luxury. The COVID pandemic has cast a shadow over finance functions that have failed to improve operational effectiveness through automation. But it might also be the motivation they need to drive real change and ensure they're prepared for the inevitable next corporate crisis.



Chapter 1

COVID – A Long-Lasting Impact

COVID – A long-lasting impact

The COVID-19 pandemic has reached into every corner of life, affecting economies, businesses and individuals in immense and far-reaching ways. It will come as no surprise then that finance functions have suffered their own consequences from shutdowns, business interruptions and workplace upheaval. These rapid and unexpected business changes have exposed, very visibly (perhaps for the first time) every shortcoming in finance processes and systems – lack of physical access, inefficient procedures, financial pressure and more.

The Future of Automation survey exposes the wide-raging effect of the pandemic, both short and long-term. Investment budgets have been cut, projects delayed and finance headcount is widely expected to fall.

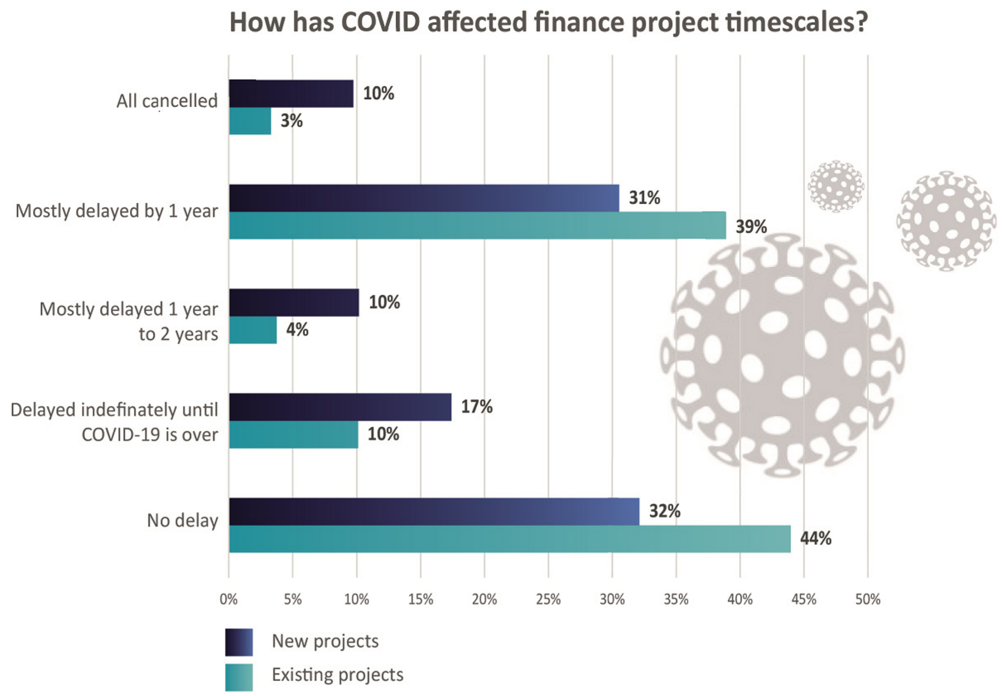
The limitations of the last few months and the unpreparedness of finance teams for the future has accelerated the drive for automation. More than half of survey respondents say that COVID has increased the urgency of investment in automation. Even those most reluctant to invest in finance systems can see need for change.

Automation delays

Automation plays a pivotal role in transforming a finance function from back office cost center to strategic contributor, and CFOs know this, hence the plethora of projects that were either in progress or in the pipeline before the pandemic hit.

Unfortunately, 53% of projects that had already started pre-COVID have been delayed by one year, two years or indefinitely until COVID is over. For pipeline projects due to start during or after the COVID interruption, 58% have been delayed, with a further 10% canceled completely. It's clear that the uncertainty surrounding the pandemic and the hit to the bottom line in many industries has forced many organizations to back pedal. But these companies need to consider the business risk and opportunity cost of delayed automation. Because if competitors maintain their investment in the meantime, companies can find their competitive advantage eroded just when they need it to recover from the crisis.

Figure 1:

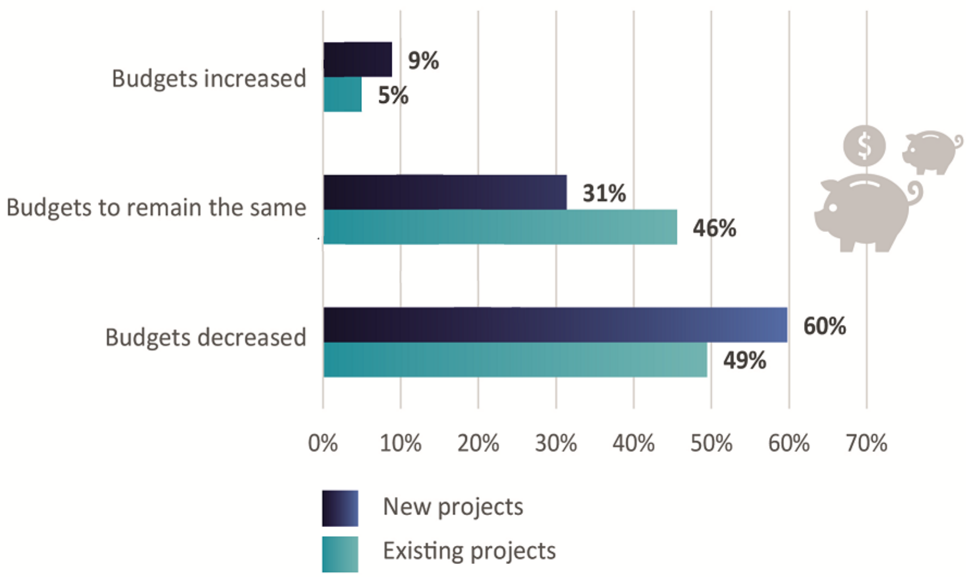


The two sectors affected most are unsurprisingly retail and hospitality. Both hardest hit by the lockdowns imposed around the world, only some resilient online retailers have managed to turn the crisis to their advantage. Bricks and mortar stores, restaurants, pubs, hotels and entertainment venues had their entire income stream cut off, and consequently had to delay or shelve non-revenue generating investment projects like finance automation. Manufacturers have also canceled and delayed many finance systems automation projects, but FSN's research study finds that business services and consumer products sectors are less affected and the technology sector canceled very few projects.

One in ten companies with automation projects underway and 16% with projects in the planning stages say they have delayed these projects indefinitely "until COVID is over". But this begs the question, when will COVID be over? How are organizations going to satisfy themselves that the threat to their business from the fallout of the pandemic is low enough to begin investing again. Localized outbreaks, inconsistent quarantine rules, rising 'R' rates and second waves are likely to be regular obstacles to business continuity for the foreseeable future. If companies choose to wait, they may be waiting indefinitely, and the impact of a lack of investment could have a long-lasting effect.

The timescale of project delays is not the only impact on automation projects, budgets have also taken a hit. Just under half of organizations expect their budgets to be cut for pre-COVID projects, and just over half see budget cuts for new projects. This is obviously impacting on the scope of projects, and potentially their efficacy. COVID has put the brakes on many business plans, but finance automation shouldn't be shelved as an easy cost saving, because the advantages of an efficient and effective finance function is essential for post-COVID recovery.

Figure 2: How has COVID impacted your budget for finance process investment?



Shrunken headcount

To add to the already frozen, canceled or curtailed automation projects, many finance functions also expect to reduce their headcount as a direct result of the COVID pandemic. This is the first time since 2018 that organizations anticipate employing fewer people to undertake finance roles, even as automation projects that would have enabled this reduction are being delayed.

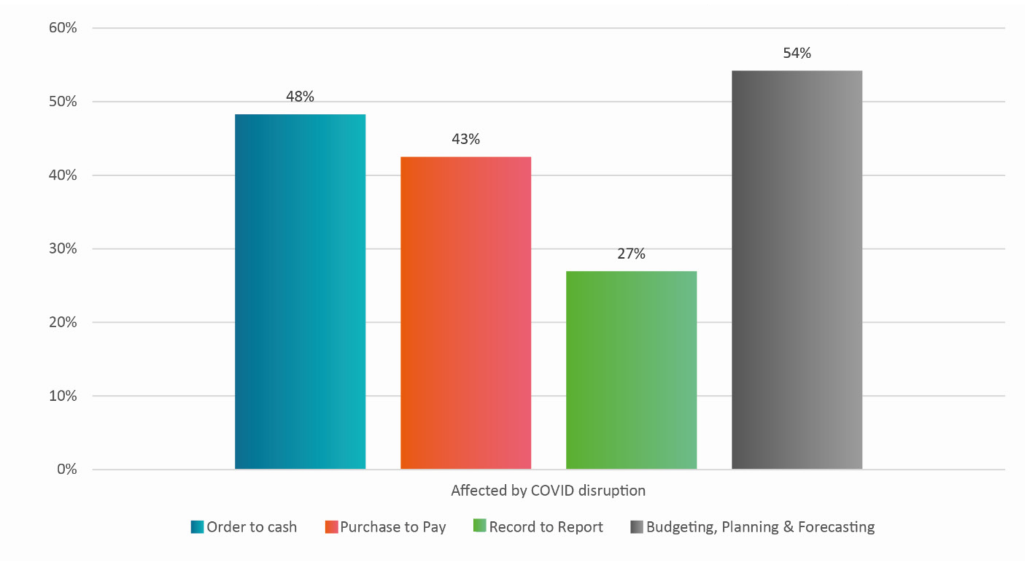
40% of finance functions are looking to reduce their headcount as a result of COVID

Almost 40% of survey respondents expect the impact of COVID to reduce headcount, with just 6% expecting an increase. The remainder see employee levels staying largely the same. There has never been much slack in the finance function, and the financial crisis of 2008 forced organizations to tighten up and improve efficiencies, removing any extraneous manpower already. Ultimately, cutting headcount is likely to be detrimental to this core business function.

Process impact

All finance processes have, to a greater or lesser extent, been affected by the COVID pandemic, but planning, budgeting, and forecasting (PBF) has been hardest hit. Over half of CFOs and senior finance executives say PBF has been affected or greatly affected by COVID. Firstly, the process has been disrupted due to lack of appropriate technology and secondly as a result of a vastly altered economy, with organizations struggling to rapidly turnaround reforecasts and model new scenarios.

Figure 3: Which finance processes were the most affected* by COVID disruption



* This graph shows those organizations that deemed themselves to have been 'affected' or 'greatly affected'

In these uncertain times, companies need to be reforecasting daily and weekly, or at the very least monthly to have any sort of handle on the business. Where some organizations were getting by with minimal sophistication in their PBF, the unprecedented effects of lockdown have exposed significant weaknesses in these processes.

Some organizations have found that their systems have been inflexible to change. Many reporting systems needed to be scaled back as certain operations were closed and staff furloughed. Others needed to expand for new information requirements. Where automation was yet to be implemented and finance systems yet to be modernized, PBF processes couldn't cope. Rather than tapping into the agile intelligent systems they needed many companies resorted to starting from scratch with a set of empty spreadsheets.

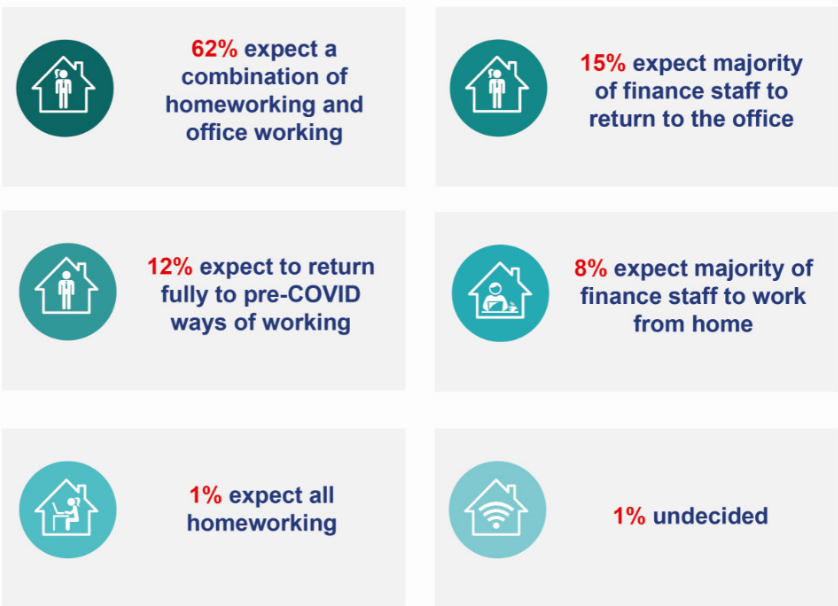
On the other side of the finance process, Record to Report has been the most resilient to COVID upheaval with just 25% saying their R2R processes have been affected or greatly affected by the pandemic. Some of this could be down to the timing of the survey. When the survey questionnaire was issued in June 2020 very few companies had been through a year-end process.

Order to Cash and Purchase to Pay have had their share of difficulties though, with 44% and 40% respectively being affected or greatly affected over the last several months. This is still a substantial number of businesses having to manage their systems and processes more intensively just to keep the lights on and finances flowing.

Working from Home

The seismic shift from an office-based workforce to an almost exclusively home-based one in the space of a few days exposed many challenges for the finance function. The biggest of these were the manual tasks ordinarily undertaken in the office – 46% of companies citing location-based processes as a major challenge. Coming a close second was the over reliance on paper documents which meant 41% of companies were disrupted during COVID, whilst 36% were held back due to limited access to on-premise systems.

Figure 4: **What are your expectations for homeworking in the finance function post COVID?**



Automation of core processes is designed to eliminate many time-consuming manual tasks and reduce the reliance on paper documents, which would have vastly improved the work-from-home requirements of the finance function. And these days most finance systems operate in the cloud which would have also blunted the effects of on-premise only access. Considering 63% of survey respondents expect their post-COVID working practices to be a combination of both home and office-based work, automation has become even more critical over the long-term.

46% of companies cite location-based processes as a major challenge. As more than half of CFOs and finance executive said the COVID pandemic had increased the urgency of the need to invest in automation

The obvious advantages of a modern, connected, cloud-based, automated finance function are clear from the impact of the COVID pandemic. This has increased the urgency for companies behind the curve to speed up their transformation. More than half of CFOs and finance executive said the COVID pandemic had increased the urgency of the need to invest in automation. At least this sense of urgency may impel CFOs to revive delayed projects sooner rather than later, and argue for a sufficient budget to create a finance function that becomes an advantage in a crisis rather than a hindrance.

Chapter 2

Mind the Automation Gap

Mind the automation gap

Automation in the finance function is clearly an essential ambition for any competitive company, yet it has a very poor record of actually achieving the desired outcome. Even as the urgency to automate is increased by the business changes of the COVID pandemic, how can finance functions expect to reap the profits afforded by automation when their track record of execution is so poor?

Despite the need to automate, automation fails to form part of the regular agenda for almost half of companies

Front of mind

Just over half of organizations actively review opportunities for automation on an annual basis, which should enable them to plan forward-looking automation strategies and keep up with their sector competitors. But the rest of the field is lagging. The survey found that just under a quarter of CFOs and senior finance executives consider automation only once a system comes up for replacement. This means they retain legacy systems that perpetuate inefficiencies despite there being better-suited solutions available.

Another 9% consider automation every three years, but a full 15% don't actively review opportunities for automation in the finance function. If it is never reviewed, companies will never know what is available, and what will make a difference to their finance operations. Ignorance may be bliss, but it can also be a costly oversight.

The automation gap

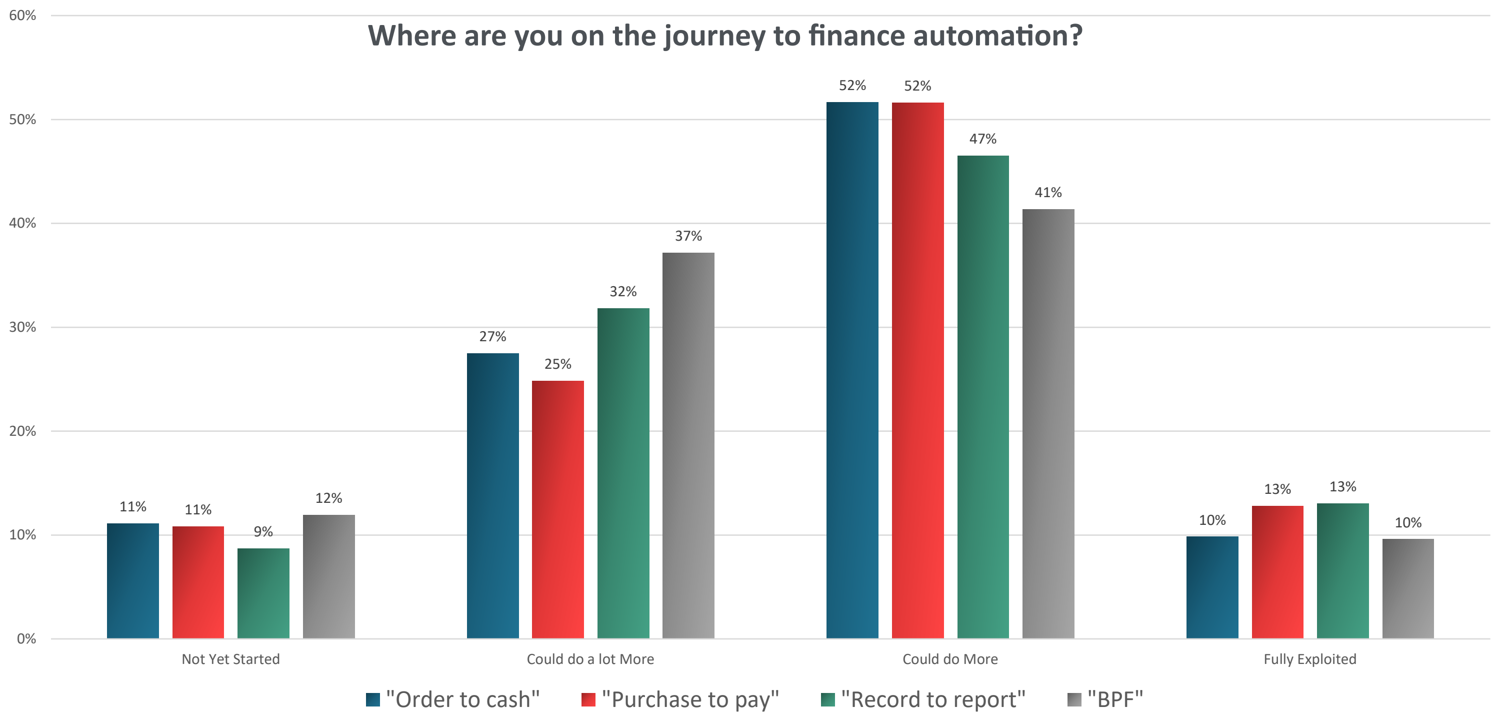
Finance process automation is a journey, with companies at varying stages of investment and implementation. Despite the advantages that automaton brings, 76% of organizations say they could do more or a lot more to automate. At either end of this automation gap are the near 10% that haven't even started to automate and the near 10% that have fully exploited their automated systems.

Of the main finance processes, record to report (R2R) marginally leads the way, having been fully exploited by 13% of survey respondents, closely followed by the purchase to pay process at 12.8%. But that still leaves 77% who know their efforts are inadequate.

Planning budgeting, and forecasting (PBF) lagged behind the other core finance processes, with less than 10% having fully exploited automation, 12% not even started, and the remaining 78% admitting they could do more or much more to improve this vital process. The impact of COVID hit PBF hardest, both due to a lack of appropriate technology (an over-reliance on spreadsheets) and the unexpected demands placed on this finance process by the rapidly changing business environment. Ironically, the process that would have been the most effective at enabling companies to draw a strategic insight from the sudden and rapid global lockdowns was hampered by a lack of automation.

The budgets that might have been used for finance improvements were instead channeled towards customer-facing systems, perpetuating a decades-long imbalance that has impeded back office investment for years. Only 28% of organizations take a balanced approach to automation investment with both the front and back office benefiting equally. 24% invested tactically in isolated initiatives and 15% focused on finance automation investment. But customer-facing investment was the most predominant type, with 31% of companies channeling most of their automation investment into processes like Customer Relationship Management, Web Analytics, Digital Marketing, social capabilities and chat.
The need to restore balance has been previously shown in FSN's 2018 survey Innovation in the Finance Function. There, the data showed that balanced investors can reforecast quicker and more accurately than the rest of their peers. This allows companies to remain nimble in a cut-throat competitive environment and provides vital insight to drive their business.

Figure 5: The Automation Gap is very large with 90%* of organizations a long way from fully automating



*Calculated as the total of "not yet started", "could do a lot more and "could do more"

Processing change

One of the reasons why companies fail to drive forward automation projects in the finance function is that they fail to link process change with the most advantageous outcomes of automation. It is quite possible to merely lift the human element of a process out and replace it with something digital, but if the process itself is inefficient, this inefficiency is perpetuated. Disappointingly, 43% of survey respondents said they made limited or no process change during automation projects. 29% made process changes within finance only, and 28% actively redesigned their processes across all functional areas and business units affected by the process. Limited or no process change leaves companies vulnerable to sudden changes in market conditions and does little to improve competitive advantage against more nimble businesses.

Disappointingly, 43% of survey respondents said they made limited or no process change during automation projects

This lack of process change is why some automation initiatives are failing. CFOs and senior finance executives from 48% of organizations said automation made no change or very little change to their operational effectiveness. These disappointing automation attempts make it harder for CFOs to make a case for further finance investment. Then again, 9% who achieved complete transformation, and 43% saw significant changes in operational effectiveness, which is encouraging for those starting out on their automation journey and determined to do it right.

Objective setbacks

The automation of the finance function has many motivations, the number one objective being to improve process efficiency and throughput. The survey found that 95% of CFOs and senior finance executives viewed process efficiency as a key objective of automation, followed by standardization (91%) and the removal of mundane and manually intensive work (90%).

95% of CFOs and senior finance executives viewed process efficiency as a key objective of automation

Cost savings were also high up on the agenda, influencing 84% of CFOs' decisions to automate along with freeing up members of staff to upskill and move to more interesting work (76%). Lower down on the priority list was improving speed to insight through Artificial Intelligence and Machine leaning, which only half of respondents chose as an automation objective, while 47% say they automated so they could reduce headcount.

Based on these objectives, a mere handful of automation projects (between 1% and 5% depending on objective) surpassed CFOs expectations. A further third of finance leaders said their projects met expectations. Startlingly, this left everyone else (over 60%) of CFOs with projects that either failed to meet or only partially met their automation expectations.

The objectives that were achieved most often were process efficiency initiatives (43%) and removing mundane and manually intensive work (40%). Unfortunately, half of projects that focused on standardization failed to achieve this desired outcome. So, while 90% of organizations said that standardization was one of their objectives when evaluating and implementing finance automation, half failed to meet this expectation.

There are many reasons why automation projects might not live up to expectations. For the 73% of companies that don't have a business-wide approach to process change, automation projects won't have engaged with all the necessary people and processes across the organization, limiting their effectiveness. A global process owner to lead the project is a powerful driver of real change.

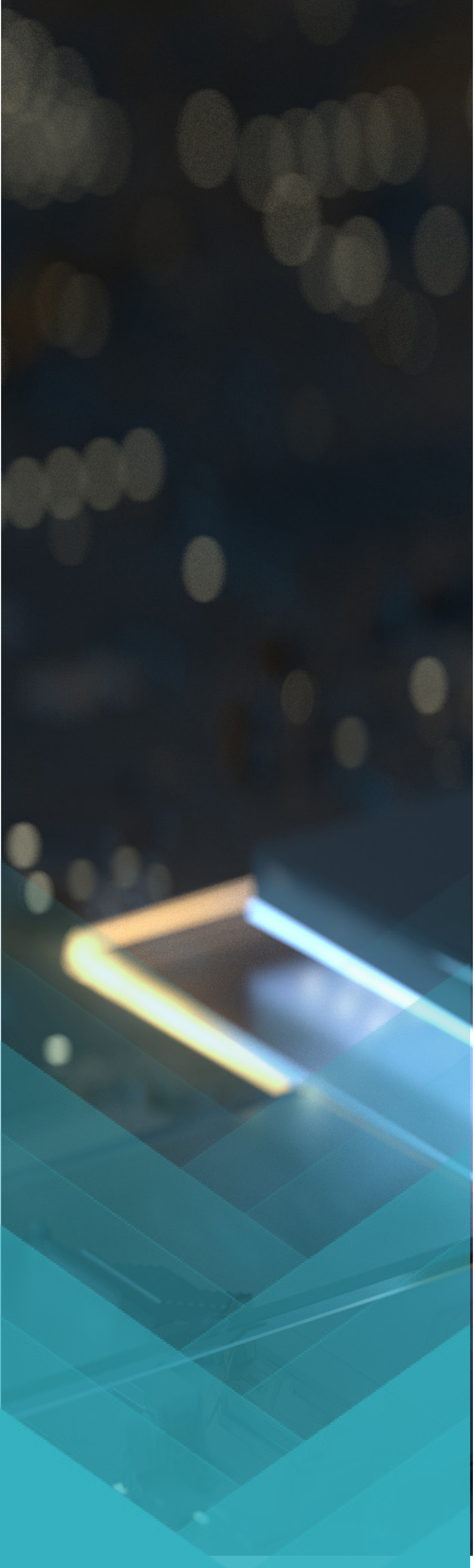
Finance executives also inevitably complain of a lack of time to implement changes within the finance function. And to some extent they have a point, because the finance cycle is so tightly bound to monthly and annual budgeting and reporting there isn't ever a 'good' time to implement the systems overhaul required for effective automation.

Data can also be a hindrance – if it's not already in a cogently prepared data layer, no amount of automation will improve the effectiveness of finance processes.

There are many reasons why automation either fails in the execution or is not prioritized by businesses too focused on front-office systems. But the COVID pandemic has highlighted the importance of an efficient, automated finance function, so it's time for companies behind the curve to close the automation gap or risk falling behind.

Figure 6: **Automation initiatives fail to meet expectations, with half of all automation projects failing to achieve standardization**

Objective	% for which it is an objective	% for which project failed to meet objective
Improve process efficiency and throughput	95%	46%
Enable standardization across processes	91%	50%
Remove mundane and manually intensive work	90%	45%
Cost savings	84%	41%
Allow members of staff to upskill and move to more interesting work	76%	46%
Improve speed to insight through AI and Machine Learning	50%	38%
Enable a reduction in total headcount	47%	39%



Chapter 3

Investment in Automation is Misdirected

Investment in automation is misdirected

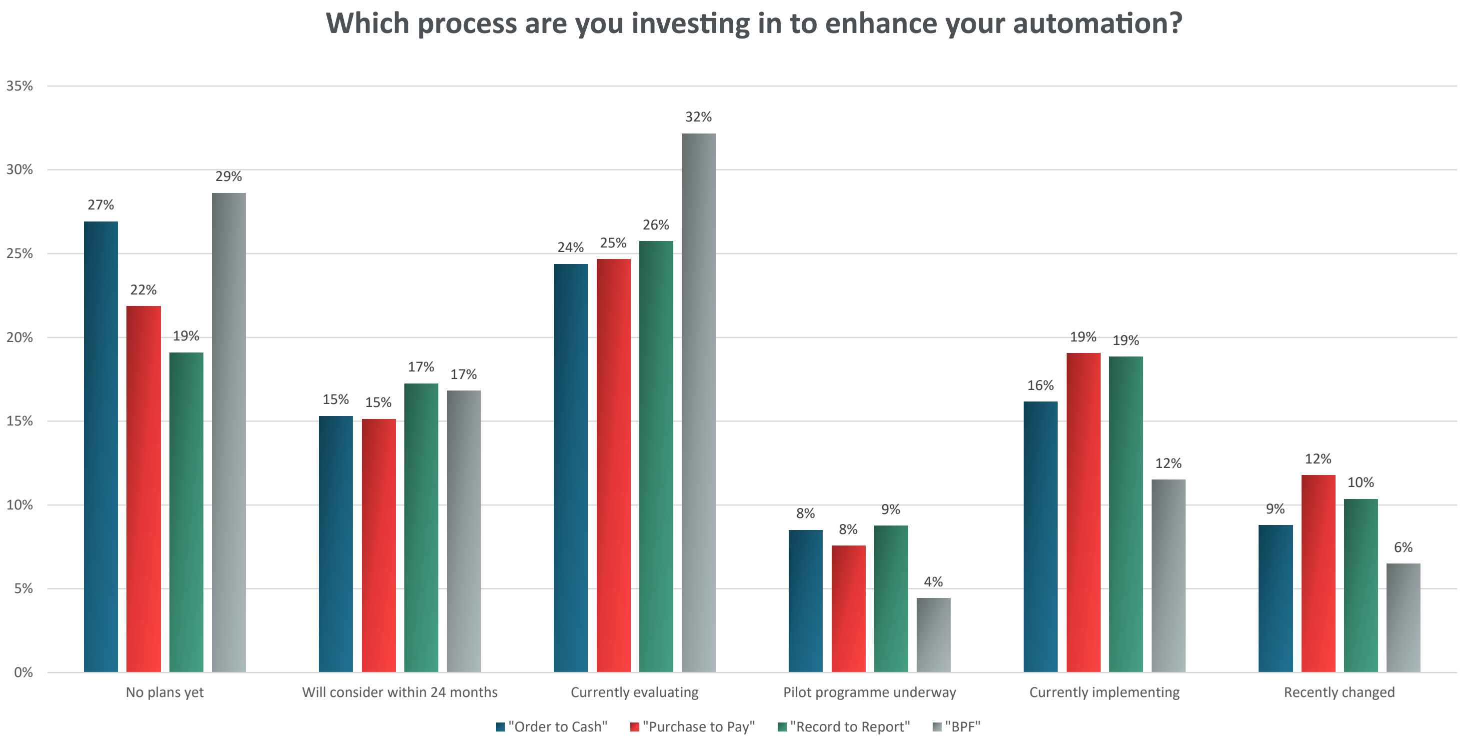
The finance function is a hive of essential processes, all of which suffer from efficiency and time pressures, and all of which would benefit from a strong dose of automation. So far though, between 20% to 30% of companies have made no plans at all to automate any of the four core processes of Record to Report (R2R), Order to Cash (OTC), Purchase to Pay (P2P) and Budgeting, planning and forecasting (BPF). Those that have, have overlooked the process that requires the most urgent change, ignored the potential for collaborative activities, and failed to exploit the automation they have already invested in.

Overlooking BPF

When the rapid and unexpected COVID shutdowns were implemented in March, the finance process that was disrupted the most was the ability of companies to plan, budget or forecast. Without knowledge of government policy, consumer demand or market influences, CFOs had no way of knowing when their business might return to normal, although we now know that 'normal' will never be exactly the same as before the pandemic.

Despite BPF being the most disrupted process and the one which would hold the most value in being able to plan for the unexpected in times of uncertainty, BPF has seen the lowest investment of the four core processes. Only 12% of companies are currently implementing BPF automation, while 29% have no plans to at all, and 17% will evaluate it at some point in the next two years. This compares to R2R and P2P where automation investment is currently underway at 19% of companies, and 16% for OTC. In addition, there are fewer companies that have no immediate plans to implement automation in these three processes compared to BPF.

Figure 7: Investment in automation is misdirected



That said, it seems the underinvestment in BPF is being recognized, and plans are afoot to address this more rigorously. 32% of survey participants said their organization was currently evaluating opportunities for BPF automation, compared with just a quarter for R2R, OTC or P2P automation projects.

Despite BPF being the most disrupted process and the one which would hold the most value in being able to plan for the unexpected in times of uncertainty, BPF has seen the lowest investment of the four core processes

Artificially intelligent

Artificial intelligence and machine learning is transforming business processes, and enabling companies to execute competitive strategies that can upend traditional business models. So far, the most explosive of these have been at the customer-centric end of business operations, from digital assistants to frictionless shopping.

But there are very powerful efficiencies and process improvements that can be applied to the back office as well. Vast troves of historical financial information can be used to detect patterns and predict performance, and a wealth of non-financial data can shed light on market changes, spot trends, and improve the accuracy of forecasts and plans. Right now though, these are underexploited. More than half of organizations have no plans at all to invest in AI or machine learning in their finance applications, while a further 16% are considering it over the next two years and 18% are currently evaluating AI in finance. The appetite for AI is still small. This is to be expected when so many organizations still need to manage their data more effectively before they can exploit it fully. But the potential for real competitive advantage is a worthwhile reason to direct some finance investment towards AI.

Ignoring collaborative outcomes

The biggest opportunities for automation in the finance function were within the reporting process. It makes sense that 81% of survey respondents saw automation opportunities in reporting because it’s highly rules-based and therefor fairly straight forward to automate. This was followed closely (79%) by the process of eliminating manual data capture, which is another area that is relatively easily automated.

Collaboration and team management is an essential tool in molding the finance function into a more strategic role

Controls monitoring (78%), reconciliation (72%) and predictive analytics (71%) also provided ample opportunity for automation. However, languishing at the bottom of the opportunity basket were the processes that relate to or encourage collaboration. Team collaboration and communication, along with task management and work allocation were in the bottom three on the list of automation objectives.

CFOs and senior finance executives are missing a trick here. Collaboration and team management is an essential tool in molding the finance function into a more strategic role, widening its sphere of influence outside of the finance center, and making it more efficient. While it may be wise to reach for the low hanging fruit first, organizations shouldn’t ignore the collaborative opportunities of finance automation.

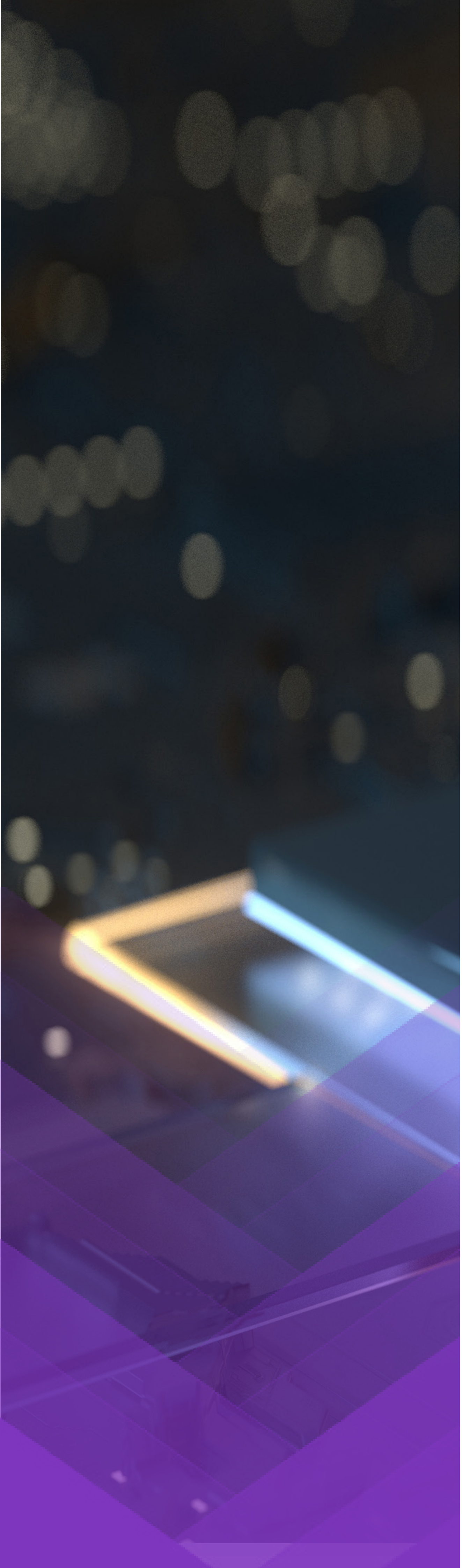
Obstacles to further automation

45% are struggling to find the time to dedicate to automation projects, and this obstacle will only be compounded further by an expected reduction in headcount

Most companies will have made at least some investment in automation in the finance function over the last few years, if only to remain competitively viable in a rapidly digitizing society. But 58% of respondents said a key obstacle to further automation investment was that the company had not yet fully exploited the capabilities of what they had in place already.

The survey also found that 45% are struggling to find the time to dedicate to automation projects, and this obstacle will only be compounded further by an expected reduction in headcount. Meanwhile 42% are still struggling to get buy-in from the Board for finance automation investment, and 36% said they lacked real life examples and inspiration.

Either CFOs are being overwhelmed by obstacles to automation, or are misdirecting their finance automation efforts by overlooking PBF or omitting AI and collaborative technology. Taking a holistic approach to automation, understanding the benefits of automating each process, and identifying the competitive insight that can be generated through new techniques and technologies will enable CFOs to work their investment harder and smarter.



Chapter 4

Automating Your Way Out of Disruption

Head in the cloud

The COVID pandemic was an unprecedented crisis and it is far from over. But even after the dust has finally settled, it won't be the last crisis businesses will have to face. The peaks and troughs of economic stability mean there will always be more pressure on the horizon. The important thing is to learn from each one, and COVID has brought into sharp focus the crucial importance of automation in the finance function as a shield from disruption and a platform for an efficient and effective finance function.

Weathering the storm

48% of organizations said automation made no change or very little change to their operational effectiveness. With only 9% achieving complete transformation

According to our research, only 9% of companies have fully transformed their operational effectiveness through automation, but these companies were in a much better position to ride out the COVID rollercoaster.

Digitally transformed companies were two and a half times less likely to report delays to their existing project timescales compared to companies that had not invested in finance automation. And they were 20% less likely to report delays to future automation projects. Having already experienced the benefits of automation transformation, these companies were more naturally placed to keep projects on schedule.

They were also less likely to have reduced their budgets for finance automation projects in the wake of COVID. 60% expected these budgets to remain the same compared with just 40% of those that had achieved minimal changes in transformation.

Figure 8: **Automation initiatives fail to meet expectations**

What impact has automation in finance systems had on your organization's operational effectiveness over the last 5 years?	
No change 5%	Small changed 43%
Significant changes 43%	Complete transformation 9%

Uninterrupted process

Disruption was kept to a minimum within in each core process of P2P, R2R, OTC and BPF at companies that had already achieved their automation aims. 35% of companies that had fully transformed their operational effectiveness through automation experienced no disruption to the P2P process. This is three and a half times better than those unchanged by finance automation.

And 43% of the transformed businesses experienced no disruption to their budgeting, planning and forecasting, compared with just 20% that had failed to transform their operational effectiveness through automation. Maintaining a functioning and effective BPF process proved indispensable in the COVID crisis. Because in the eye of the storm, when horizons shrunk so quickly, forecasts would be obsolete within days. Companies that had transformed their BPF process could rely on the process to provide agility and insight.

Homework

Automation bolsters a company's ability to switch from office-based processes to almost entirely home-based process management. Those that had achieved complete transformation in operational effectiveness experienced far less disruption when this homeworking shift happened in mid to late March. In particular, 60% said they did not experience difficulty resolving queries with everyone at home, 62% saw no disruption when making urgent changes to core processes, and 60% experienced no difficulty in collaborating from home. All of these findings were far superior to companies that had failed to prepare their finance function through automation.

This survey has shown how the pandemic has emphasized the benefits of finance automation. When companies have their systems under control, have invested in new ERP systems and automated their budgeting and forecasting processes, they are much more able to ride out disruptive events. Even if they haven't, companies should use this crisis to recognize the value of cloud-based, connected finance systems and make the effort to begin their own transformation.

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Methodology

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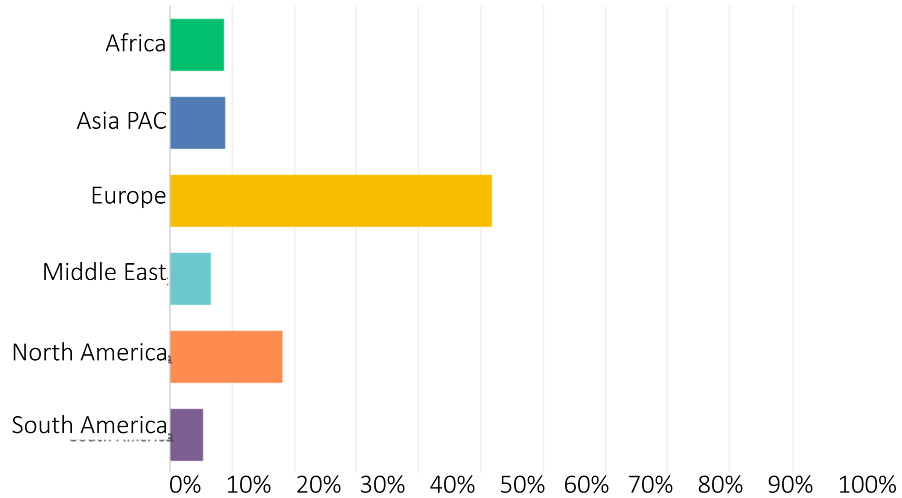
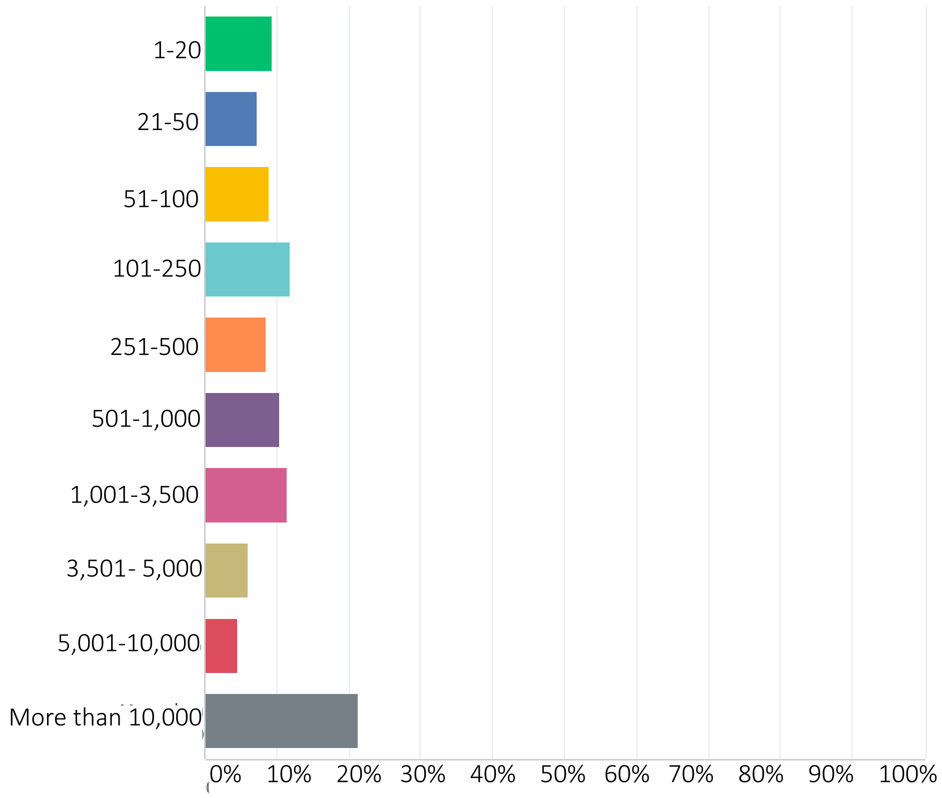
The survey drew responses from 441 international senior finance professionals from our 55,000 strong FSN Modern Finance Forum on LinkedIn.

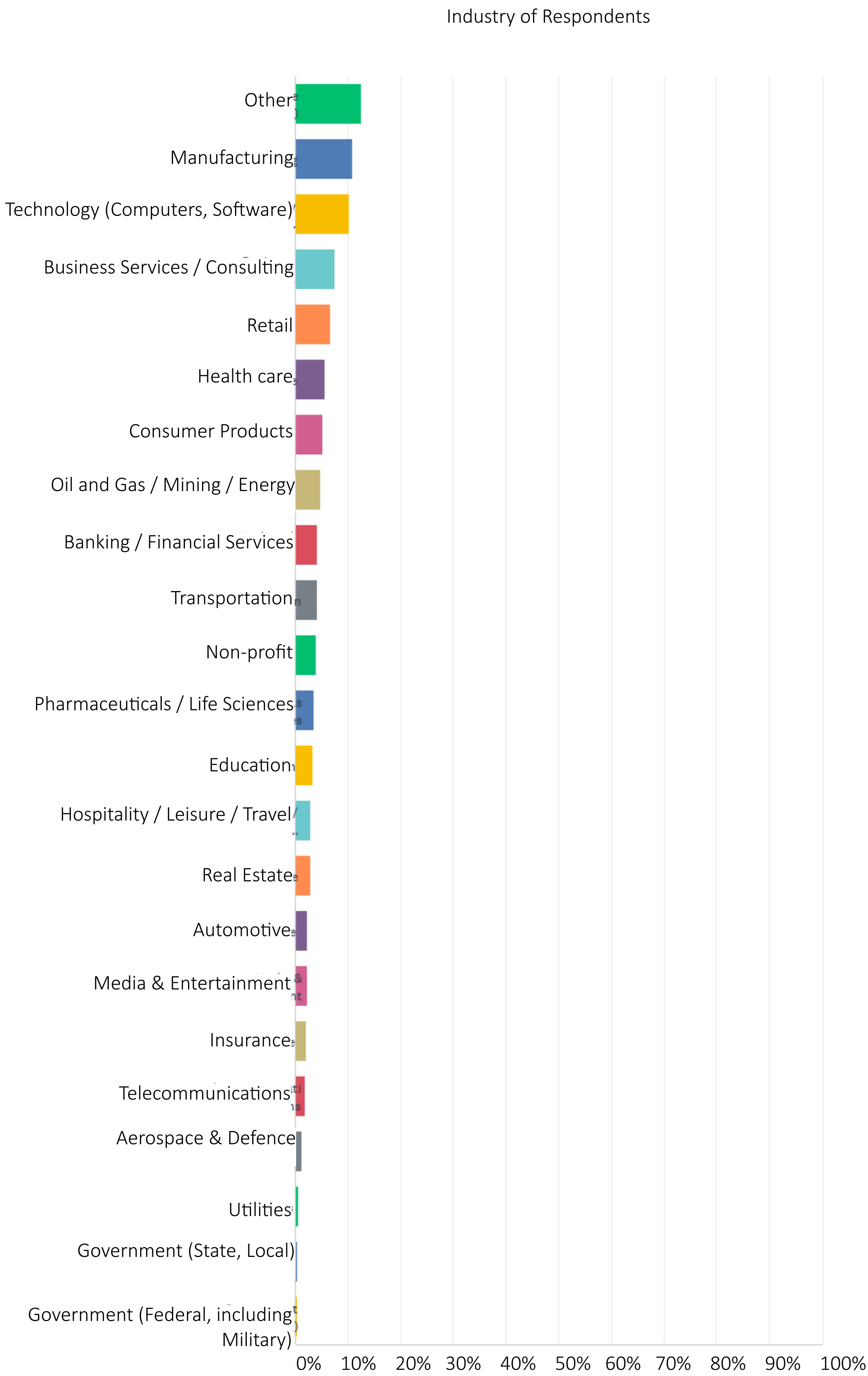
This survey covered finance professionals across 23 different industries. 75% of these professionals were considered to have senior job titles and above.

Geography of Respondents



Organizational Size- Number of employees




Industry of Respondents
Other
Manufacturing
Technology (Computers, Software)
Business Services / Consulting
Retail
Health care
Consumer Products
Oil and Gas / Mining / Energy
Banking / Financial Services
Transportation
Non-profit
Pharmaceuticals / Life Sciences
Education
Hospitality / Leisure / Travel
Real Estate
Automotive
Media & Entertainment
Insurance
Telecommunications
Aerospace & Defence
Utilities
Government (State, Local)
Government (Federal, including Military)
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%

About FSN

FSN is a global publisher of thought leadership, research and "must-have" content for CFOs and senior finance professionals around the world. FSN's highly popular and active Modern Finance Forum on LinkedIn has a membership of more than 53,000 readers in more than 23 countries and across every major industry segment. It is also the publisher of the popular www.fsn.co.uk website and regularly holds networking dinners and events for its members.

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