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FORRESTER OPPORTUNITY SNAPSHOT: A CUSTOM STUDY COMMISSIONED BY DIGITAL WORKFORCE | AUGUST 2022

Lack Of Automation Hinders Finance And Accounting's Strategic Role

It's imperative that finance and accounting (F&A) departments play a more strategic role in ensuring business success. Yet today, many F&A departments focus primarily on tactical initiatives, and their processes still rely on manual and repetitive tasks.

While F&A leaders have invested in robotic process automation (RPA) with mixed success, their efforts are not sufficient as they still burden staff with excessive manual effort and have made little progress towards strategic optimization. It's imperative that F&A organizations reevaluate potential use cases for automation to become more efficient, accurate, and strategic.

Digital Workforce commissioned Forrester Consulting to evaluate the adoption of automation at F&A departments in North America.

Key Findings



On average, organizations are only halfway through their journey to automate F&A processes. As they progress, their focus shifts to use cases that unlock strategic decision-making insights.



Manual F&A processes lead to inefficiencies and increased errors, expenses, and workloads. More than 60% of manual processes cannot generate insights or let employees focus on strategic tasks.



F&A leaders recognize they can leverage automation to provide strategic advice to the business, improve employee retention, and tackle operational blind spots. But they need guidance to improve.

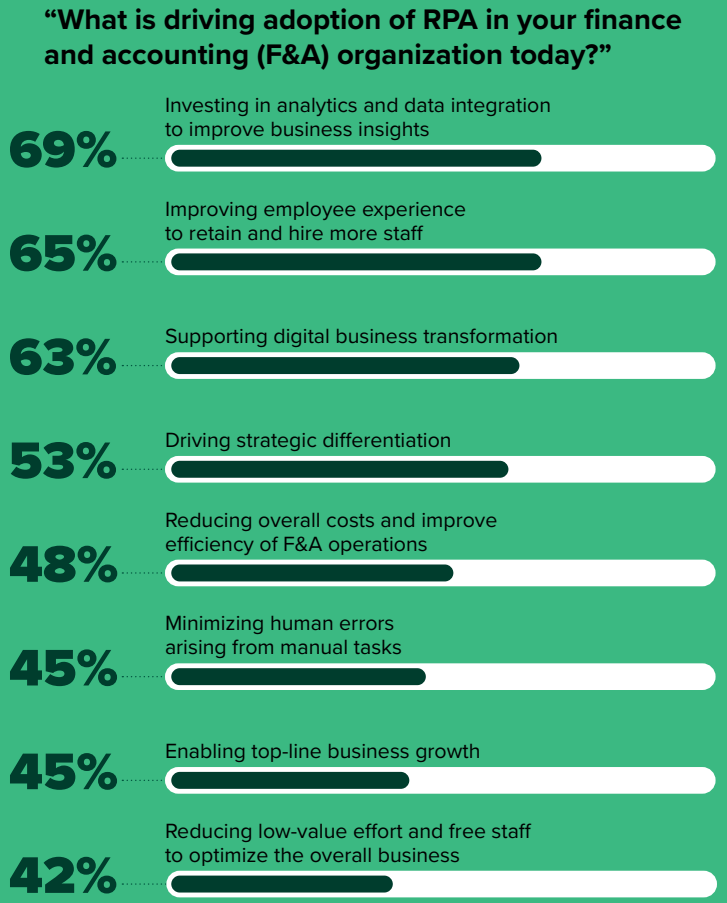
Strategic Improvements Drive RPA Adoption

F&A leaders recognize that they face increasingly greater pressure to support the business. As such, they are adopting RPA to:

Improve business insights. To help businesses predict and plan, nearly 70% of respondents say their F&A organizations adopt RPA to enhance analytics and data integration to improve business insights.

Enhance employee experience. Sixty-five percent of respondents say RPA is improving employee experience (EX) and talent retention at their organizations, as they need to manage the expectations of a new generation of technology-savvy accountants.

Support digital transformation. Sixty-three percent are adopting RPA to support digital business transformation, enabling the business to better address rising customer expectations.



Base: 104 finance and accounting decision-makers at North American organizations
Source: A commissioned study conducted by Forrester Consulting on behalf of Digital Workforce, May 2022

Investment Shifts To Strategic F&A Use But Adoption Falls Short

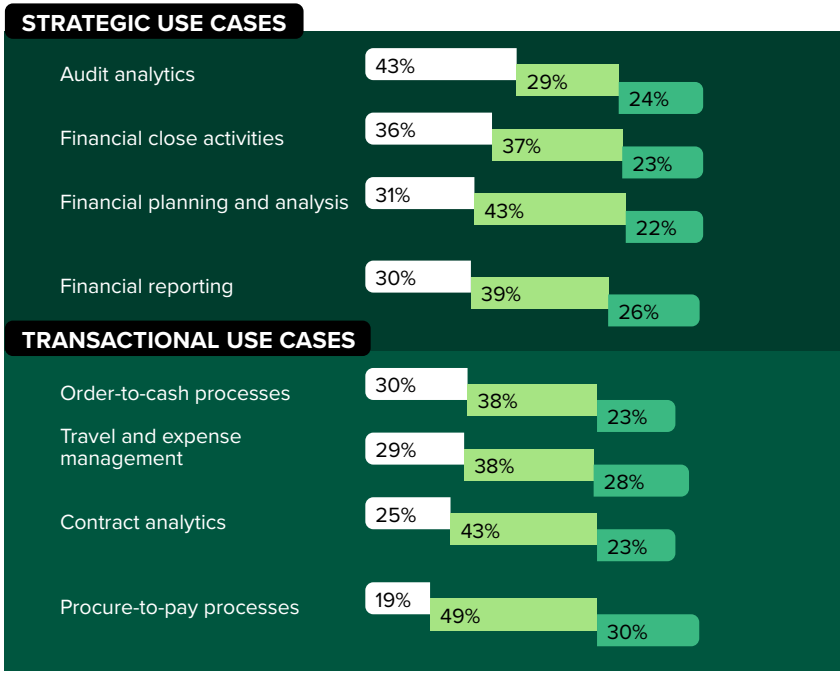
F&A organizations have been implementing automation for a few years now with a focus on transactional use cases. This has prevented them from operating strategically. Close to half of respondents' organizations have already implemented RPA in procure-to-pay processes and contract analytics with no plans to expand or upgrade.

With a clear business mandate, F&A leaders are now shifting their organizations' investments to more strategic use cases that enable them to generate insights, forecasts, and predictions.

However, the level of automation falls short of F&A leaders' vision. Respondents say around 60% of processes in strategic F&A use cases are automated, and transactional use case processes are about halfway automated.

"What are your organization's plans to implement RPA in each of the following F&A use cases?"

- ○ Expanding or upgrading implementation
- Implemented, not expanding/ upgrading
- Planning to implement in the next 12 months



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Lack Of Automation Hinders F&A Teams

All surveyed F&A respondents' organizations face challenges across:

Process. Over 60% of respondents' organizations struggle to perform data analysis to generate insights and predictions. More than half of them find it difficult to scale automation throughout a finance value chain.

People. Most organizations face issues shifting focus from manual tasks to enable employees to develop new skills. This translates to difficulty retaining talent and a higher turnover rate.

Technology. Over half of organizations struggle with siloed applications. They cannot get a holistic view of F&A, as they find it challenging to integrate disparate systems or data.

"Given the extent of automation in your F&A organization, which of the following challenges does it currently face?"

PROCESS

61%	Performing data analysis to generate insights, forecasts, and predictions
54%	Automating more tasks throughout a finance value chain
41%	Standardizing process steps

PEOPLE

60%	Enabling employees to develop new skills by shifting focus from manual tasks
51%	Retaining talent/reduxing employee turnover
37%	Lacking automation skills and expertise

TECHNOLOGY

55%	Managing siloed applications
51%	Intergrating disparate systems or data for a more holistic view of finance
46%	Relying on legacy/ outdated software

GOVERNANCE

55%	Creating a formal system to prioritize automation projects
50%	Agreeing on and executing a governance structure
41%	Understanding what automations can be developed independently in the business

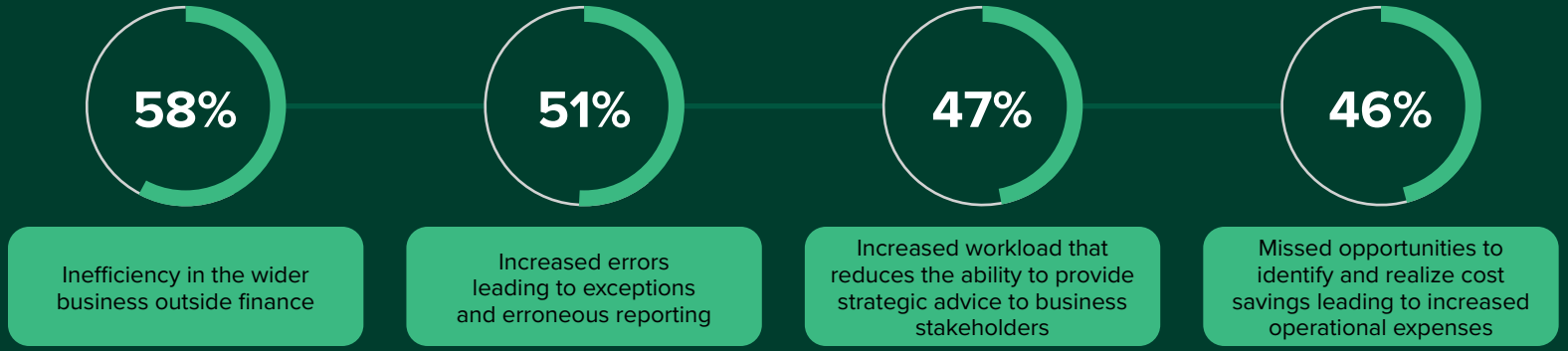
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Manual F&A Processes Are Costly

F&A leaders recognize that the lack of automation is undermining their ability to support the wider business, leading to inaccurate outcomes and increasing costs.

As a result of automation-related challenges, nearly 60% of surveyed F&A leaders' organizations experience inefficiency in the wider business. They also cannot provide strategic advice to business stakeholders due to heavy workloads. About half of respondents report increased errors that lead to inaccurate reporting as well as high operational expenses due to lack of visibility over cost savings opportunities. Those challenges mean that CFOs fail to drive effective business decisions and outcomes across the business.

"What impact do your automation-related challenges have on your organization?"



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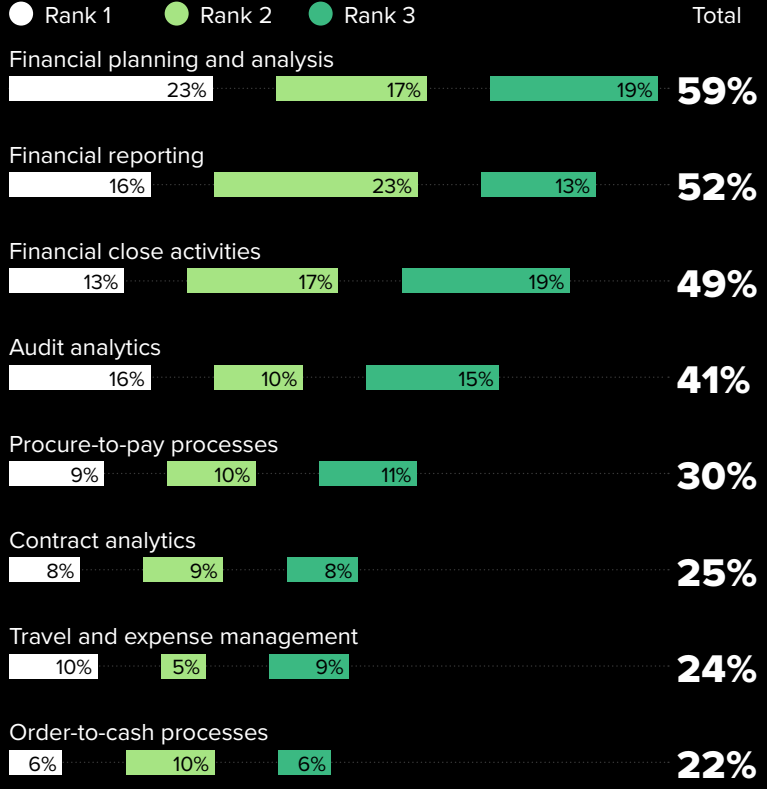
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Automation Supports Broader Business Transformation

Organizations can easily overcome current challenges and support broader business transformation by automating F&A processes. Financial planning and analysis, financial reporting, and financial close activities emerge as the top use cases where automation can help F&A teams unlock strategic insights for the rest of the business. Automating these processes gives employees more time to spot anomalies, trends, and patterns, shaping their roles to be more insightful.

All firms benefit from automating F&A processes. Automation in F&A impacts the F&A function and the wider business, with the top three benefits being enhanced process optimization (56%), improved employee retention (55%) and customer experience (53%), and enabled insight-driven decisions (52%) and data integration (51%).

"Which of the following use cases will provide the best support for unlocking strategic decision-making insights for your organization?"



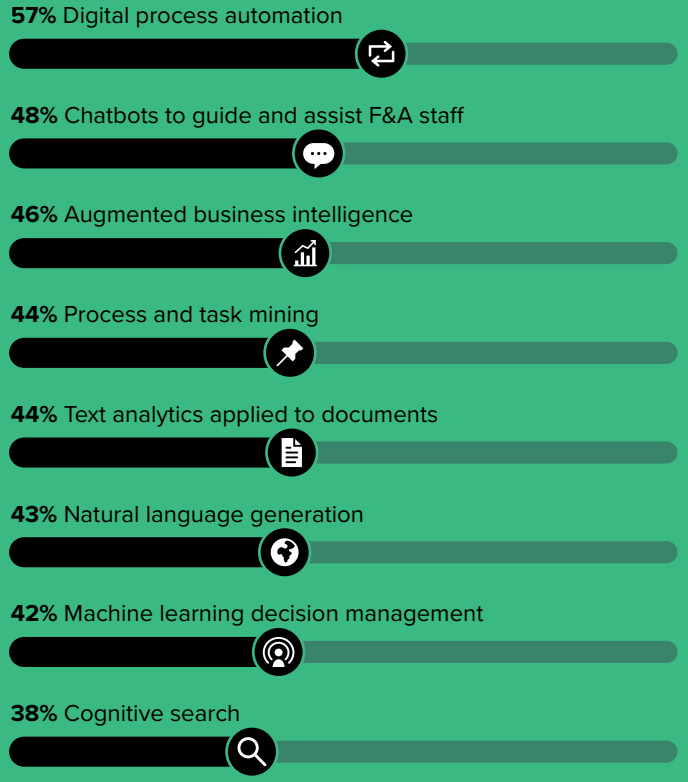
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RPA Can Be Combined With Other Automation Technologies

Companies' future investments are reflective of the far-reaching benefits of automation. F&A leaders expect a more advanced array of capabilities and outcomes from their automation programs. They are also interested in combining RPA with other automation technologies to achieve end-to-end automation across the F&A value chain. As such, RPA service providers have been improving their offerings to help F&A organizations leverage RPA as part of a broader automation fabric and to support enhanced digital differentiation and transformation.[1]

Almost 60% of F&A leaders put digital process automation on their wish lists. They are also interested in a range of artificial intelligence (AI) technologies. Common AI applications they would consider adopting include chatbots that guide F&A staff (48%), augmented business intelligence (46%), and process and task mining (44%).

"Beyond RPA, what other automation technologies would you consider adopting to enable a broader digital transformation?"



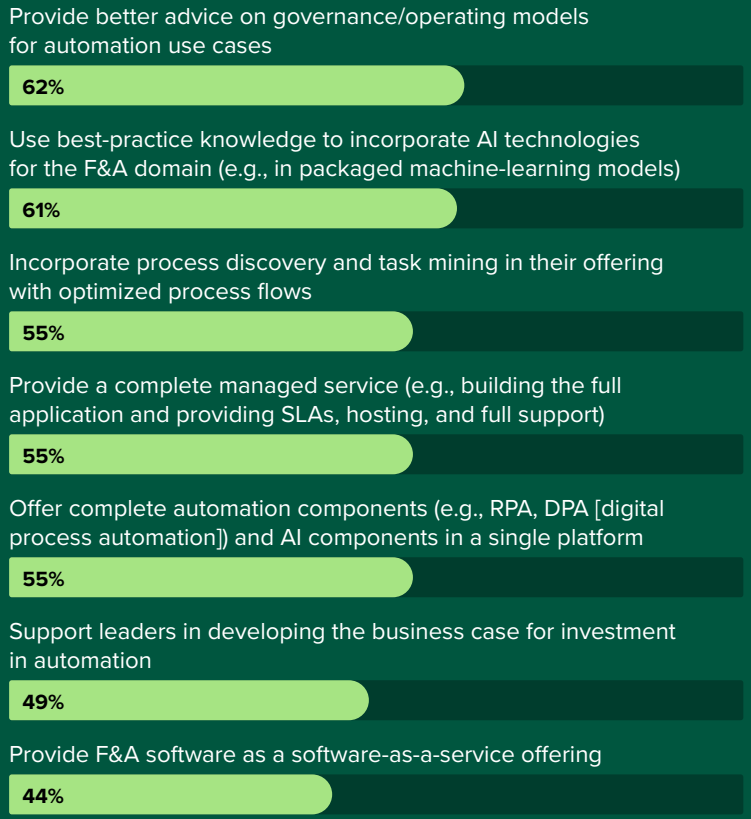
Base: 104 finance and accounting decision-makers at North American organizations
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F&A Digital Transformation Requires Vendor Guidance

Automation technology vendors play a key role in enabling organizations to digitally transform their F&A processes. More than 60% of surveyed F&A leaders say they primarily need advice from automation tech vendors on governance and AI. Advances in vendor tools will also soon enable F&A leaders to achieve transformation in a more agile way. F&A staff are not professional programmers, but they can build their own automations thanks to low-code offerings.



“How can automation technology vendors better enable your organization’s F&A digital transformation?”



Base: 104 finance and accounting decision-makers at North American organizations
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Conclusion

F&A leaders feel pressure from their organizations to play a more strategic role but they currently fail to do so.

- **There is still a long way to go.** F&A leaders have invested in automation for a while now, but their organizations are still facing heavy workloads due to a lack of automation.
- **Lack of automation is costing money and talent.** F&A departments' manual processes are preventing them from acting strategically, retaining tech-savvy employees, and saving money on repetitive tasks.
- **F&A leaders recognize automation's potential.** Respondents expect automation to solve the biggest challenges for F&A, leading to cost savings, better EX and CX, and more strategic insights to advise business stakeholders.

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Contributing Research:

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Methodology

This Opportunity Snapshot was commissioned by Digital Workforce. To create this profile, Forrester Consulting supplemented this research with custom survey questions asked of 104 finance and accounting decision-makers at organizations in North America. The custom survey began and was completed in May 2022.

ENDNOTES

[1] Source: "Take The First Steps Toward An Automation Fabric", Forrester Research, Inc., May 19, 2022.

ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key transformation outcomes. Fueled by our customer-obsessed research, Forrester's seasoned consultants partner with leaders to execute on their priorities using a unique engagement model that tailors to diverse needs and ensures lasting impact. For more information, visit forrester.com/consulting.

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Demographics

COMPANY REVENUE	
$250M to $450M	**31%**
$500M to $999M	**44%**
$1B to $5B	**25%**

INDUSTRY	
Manufacturing and materials	**35%**
Healthcare	**33%**
Financial services and/or insurance	**33%**

RESPONSIBILITY	
Finance technology strategy: final decision maker	**14%**
Finance technology strategy: part of a team making decisions	**73%**
Finance technology: influence decisions	**13%**

RESPONDENT LEVEL	
C-level executive	**12%**
Vice president	**29%**
Director	**60%**

Note: Percentages may not total 100 because of rounding.

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