

DOING THE ROBOT

Enhancing the Finance and Accounting Function
with Robotics Process Automation (RPA)

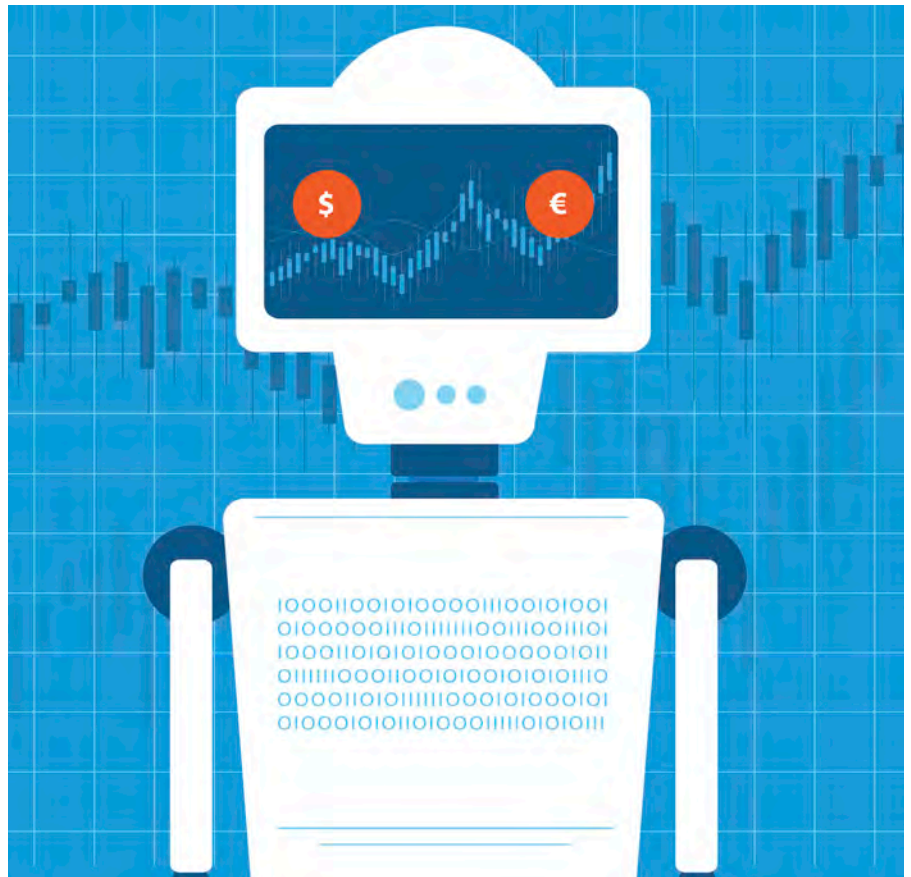
A WNS South Africa PERSPECTIVE



Doing the Robot

ENHANCING THE FINANCE AND ACCOUNTING FUNCTION WITH ROBOTICS PROCESS AUTOMATION (RPA)

Finance is the business function particularly strained by the demand to keep up with the rapid rate of change and advancement in technology. Businesses have been forced to be flexible and not keep doing things the same way – or risk becoming obsolete. One specific business function is particularly strained in this regard, and that is the finance function. While remaining agile, finance functions face significant pressures to also shrink costs and support diminishing margins, improve speed and drive efficiencies in the delivery of accurate information, retain control and maintain regulation compliance, but also still drive value creation to the business via financial insights. It is no wonder that companies are furiously looking to various enabling tools, reviewing their operating models and re-engineering processes to address these demands.





Bots, Assemble!

The latest wave of innovation has seen the introduction of Robotics Process Automation (RPA), which brings a pivotal shift in day-to-day operations and challenges the definition of a typical workforce. RPA, or robotics as it is commonly referred to, is not a physical robot, but rather software that emulates human execution of tasks when interacting with applications.

Typically, robotics delivers increased accuracy and control by standardising tedious, manual tasks; eliminating the

need for some aspects of the workforce, while freeing up resource time to focus on more strategic, high-value work.

Robots eliminate the need for certain types of low-skill roles. More importantly, they are incredible employees – working 24 hours a day, 365 days a year, and performing repetitive tasks rapidly and without a single error. They also cost a fraction of a typical Fulltime Equivalent (FTE) employee, and can be put to work rapidly with limited input from the IT function.

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Is RPA a Fad or is it the Future?

Given the relatively insignificant costs, limited IT dependency and quick timelines to implement RPA, it is likely that this hot topic will see greater adoption and evolve to become standard practice, as opposed to merely just a differentiator.

Robotics presents unrivalled value when compared to a physical human resource, with some sources claiming the cost of a software robot can be as low as one ninth of an FTE. Add to this the fact that robots work 5 times faster than humans, and arguments against this new phenomenon become less and less believable.

This speedy rate of performance can lead to efficiency gains and accelerated innovation that responds to market changes, allowing for the quick creation and pilot of both product and service innovations, without the need for expensive legacy systems and other dependencies.

The benefits of RPA can filter down to the customer with the potential of improving overall customer satisfaction. A further advantage is its real-time processing ability that can significantly improve service levels and reduce the load during peak times.

Robotics within the Finance Function

Robotics can be effectively utilised within finance and accounting departments, offering tangible value and efficiency with certain low-complexity processes almost immediately. For example, RPA can be used for operational accounting such as, billing and collections, accounts receivable, as well as more general accounting where journal entry processing, general ledger account reconciliation and intercompany transactions are performed. The capabilities of RPA within the finance function extends even further and can be used to audit expense reports, manage incoming vendor invoices and process vendor payments while handling vendor inquiries and/or disputes.

However, certain tasks within the finance function does not allow for the application of RPA. These include complex budgeting, taxation, balance sheet reporting as well as financial reporting and analysis. These functions all carry an indispensable need for deep interpretation and intense analyses that a robot cannot replicate.

The key drivers for implementing RPA within finance and accounting tasks are

cost and efficiency, but compliance and the flexibility to accommodate transaction spikes are just as important. Thankfully, it is relatively easy and inexpensive to ramp up the software robot 'headcount' when dealing with surges in demand.

Mixed opinions exist on whether the inability of robotics to deviate from the norm and standard operating procedures is an advantage or disadvantage. However, it provides a viable alternative to manual, error-prone tasks. This unique characteristic also allows RPA to generate detailed transaction logs for compliance and audit purposes. By its very nature, the finance function is a barometer into the health of the organisation, and any misrepresentation brought about by inaccuracy could negatively impact the company's financial reputation.

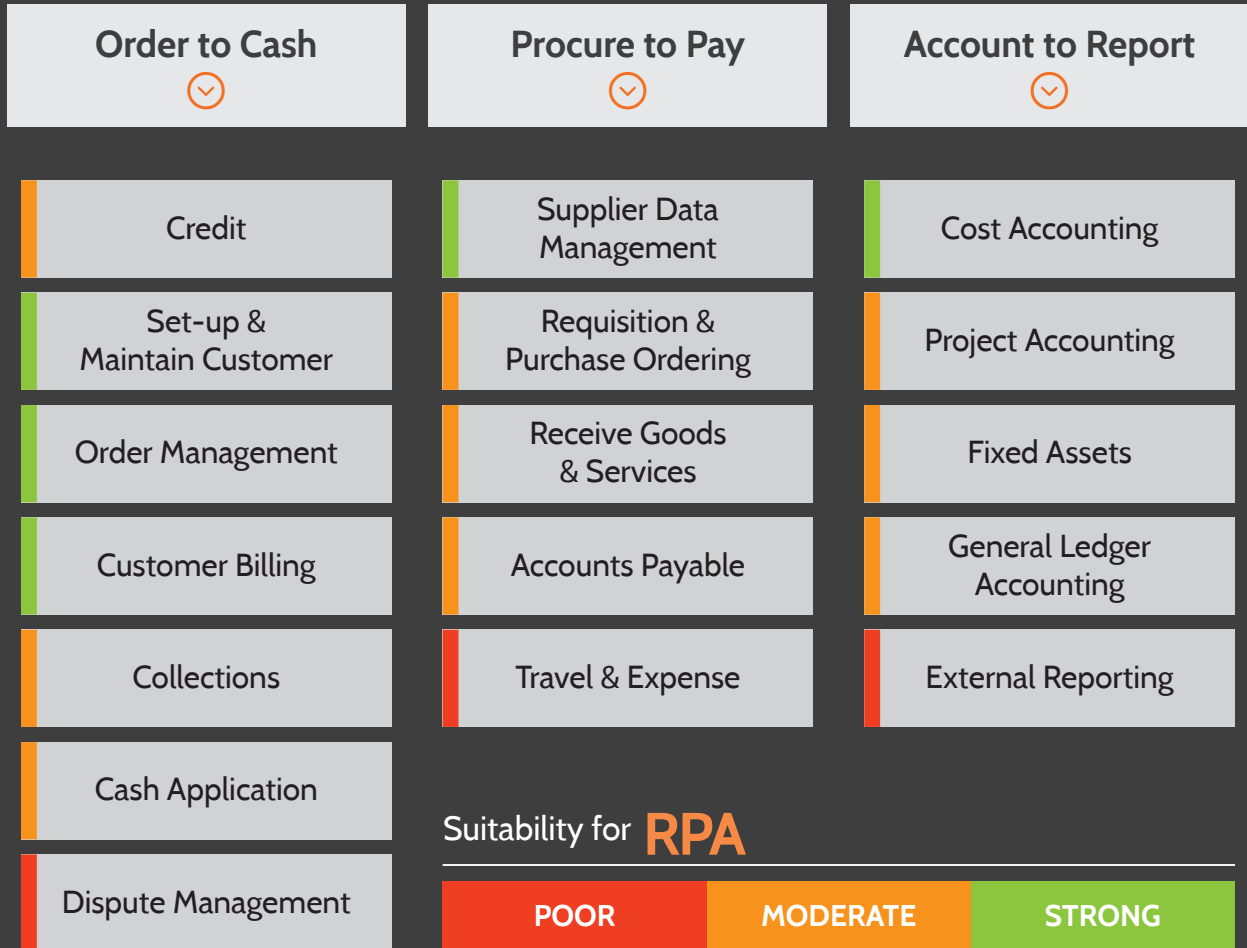
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F&A PROCESSES RIPE FOR RPA

(ROBOTICS PROCESS AUTOMATION)



Applying RPA to Accounts Payable

Despite it being on the lips of many, scepticism is rife among finance professionals that robotics can present real value to the Accounts Payable (AP) function.

Within a finance and accounting context, RPA is based on interpreting, capturing and manipulating data across existing applications. To some, this gives rise to invoice inconsistency and imperfections with the use of Optical Character Recognition (OCR) tools. Frequent discrepancies that require smart human

intervention with suppliers could result in the complete malfunction of payments when robots inevitably fail to react.

In order to apply robotics effectively, all AP processes need to be analysed to determine the components that are rule-based and those which require human judgment. Since robots have proven to be better at rule-based activities, it makes sense to exercise caution when deploying RPA to processes where human input and discretion play a crucial role. Only

once the rules and definitions have been set can robots begin completing the relevant process.

Robots and humans can still be colleagues, and great ones at that. There are certain components within the AP function where collaboration between human input and artificial intelligence is possible. For example, managing supplier relationships still require human involvement, but can be significantly bolstered by the addition of robotics technology.

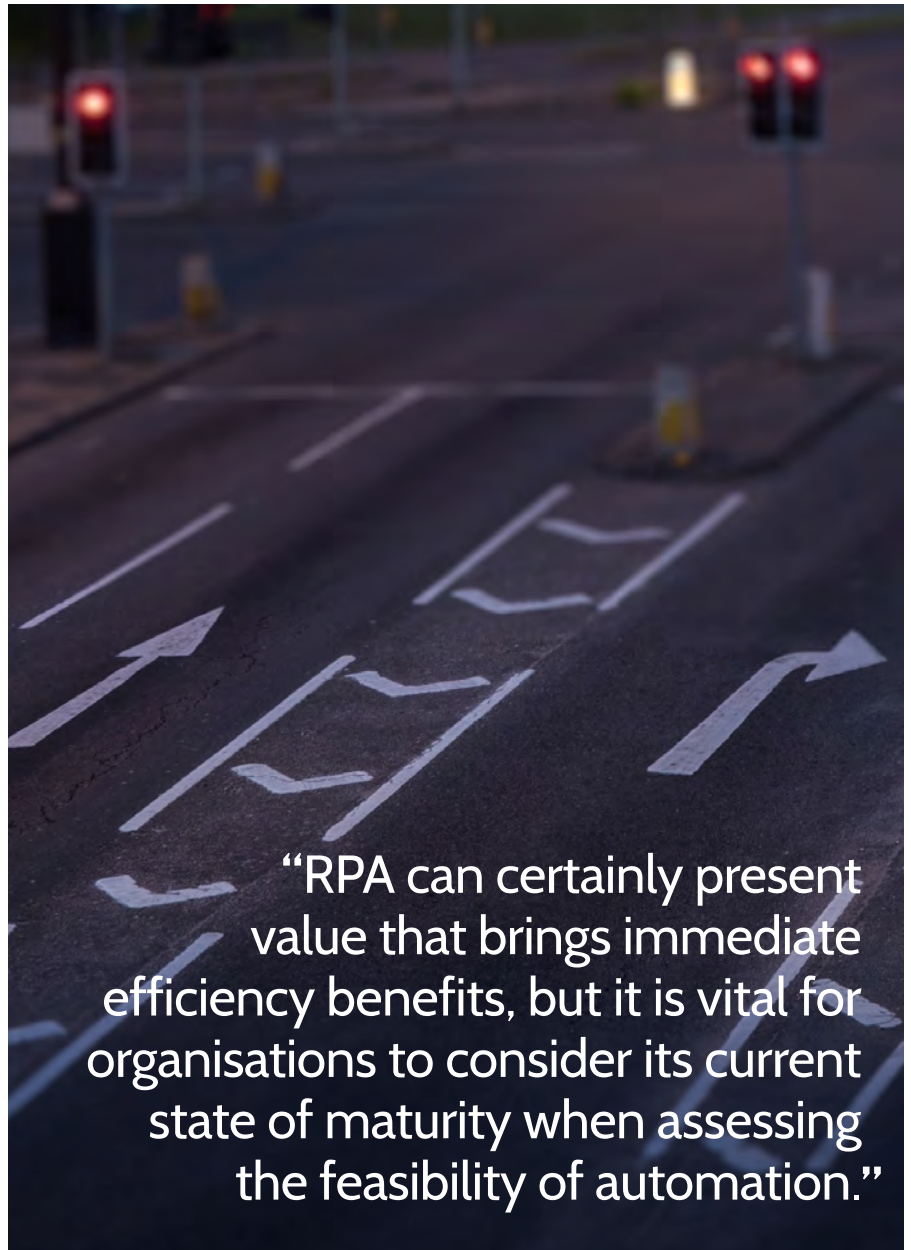
Yay or Nay for RPA?

While robotics presents tremendous potential to benefit business processes, its limitations need to be acknowledged and accepted. It simply isn't possible to develop robotics software for every complex process.

There are definite benefits in RPA for accounting processes to be explored, particularly for low complexity, rule-based processes prone to human error. However, deploying robots won't be able to replace the need for human intervention in its entirety. The human element of the workforce will remain an important part of robotised processes. In fact, the training and day-to-day operational management of robot resources will still be fulfilled by humans.

Deploying robotics among manually intensive processes has the potential to not only save time, but ensures greater accuracy. As a result, human employees are able to focus on performing high-quality tasks that are more intellectually stimulating and require irreplaceable human judgement, something that simply cannot be automated.

RPA can certainly present value that brings immediate efficiency benefits, however, in order to maximise this value proper due diligence is critical. Thus, it is vital for organisations to consider its current state of maturity when assessing the feasibility of automation.



Looking Ahead

The roll-out and improvement of robotics will continue to be driven by Business Process Management companies and wider adoption will still be seen across industries, with shifts made to include other business functions too. However, RPA is not a universal remedy and cannot be applied to anything and everything. It remains more suited to processes with some degree of pre-existing automation.

RPA has the ability to help companies reduce process inefficiencies, but true process improvement and transformation will come from tapping into analytics and Big Data insights.

The introduction of RPA is the beginning of a new chapter in process management with many exciting possibilities still left to be discovered. While scepticism exists, RPA is likely to become an integral part of the finance function, maximising the performance potential of its people and processes while providing invaluable analysis and insights. This next-generation technological advancement has the ability to be a game-changer and will become inevitable for survival. Only time will tell how quickly businesses realise this and begin to respond with adoption. ▲



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CONTACT US to learn more

Phone: +27 21 526 6789

Email: mindsSA@wns.com

Website: www.wns.co.za

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