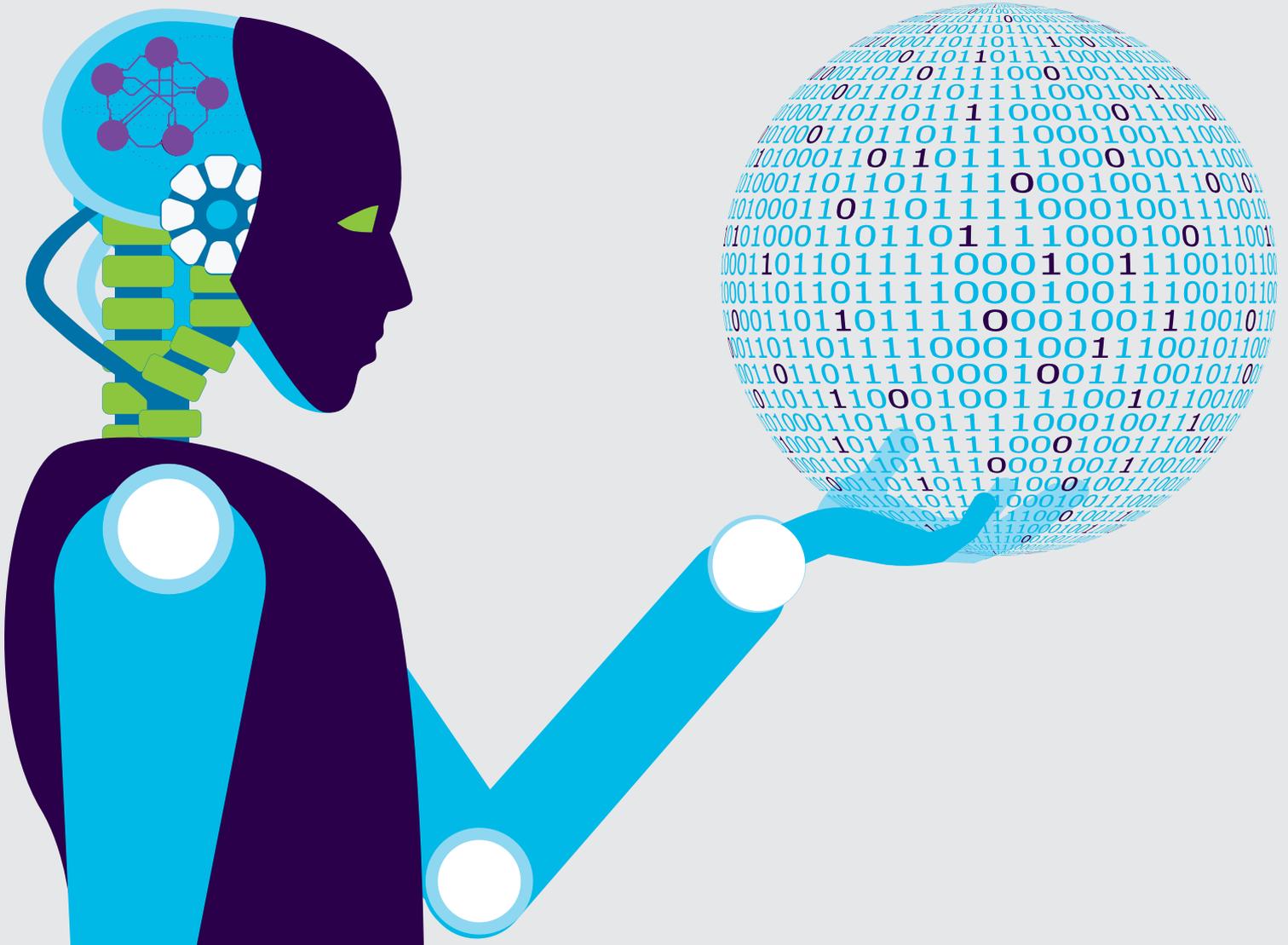# Capgemini

Reimagining Finance and Accounting

A point of view by Carole Murphy
Head of Business Transformation Services,
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Contents

Reimagine the future of finance

Leading finance leaders around the world and in many disparate industries are winning at automation. In fact, it is the very adoption of automation that is defining many as leaders.

Far from viewing automation as a negative, reductive force, successful finance leaders are recognizing that automation really can deliver on its promise—especially when it's intelligent automation and when it's applied to finance and accounting (F&A).

Emerging new technologies bring new levels of agility to F&A, which has often had an uneasy relationship with IT over the years. At their most effective, these are tech tools that aren't simply applied to existing business models, but that are part of a bigger and broader reassessment of how processes can themselves change.

In short, F&A teams can reimagine their futures. If they are bold, if they approach automation constructively, if they use its introduction as an opportunity to reassess current practices, they'll deliver more to their organizations than anyone hitherto thought possible.

The changing nature of value

F&A teams have been expected to deliver increased value for a number of years. It's been measured largely in terms of operational efficiency, and the benefits have been administrative.

But more recently the nature of this challenge has changed. Value is now seen not just as cost-based but as part of organizations' wider commitment to the people they serve. It's not just an internal function, but outward looking. It's about increasing cost-effectiveness and so maintaining competitiveness and meeting commitments to shareholders—but it's also about enabling businesses to understand their performance from moment to moment, and to put plans in place that improve that performance not just for themselves but for their current and future customers.

In short, the F&A function is now expected to run the business efficiently—but also to help the sales team sell, the marketing team to shape the offer, the supply chain to work cohesively and the logistics function to deliver.
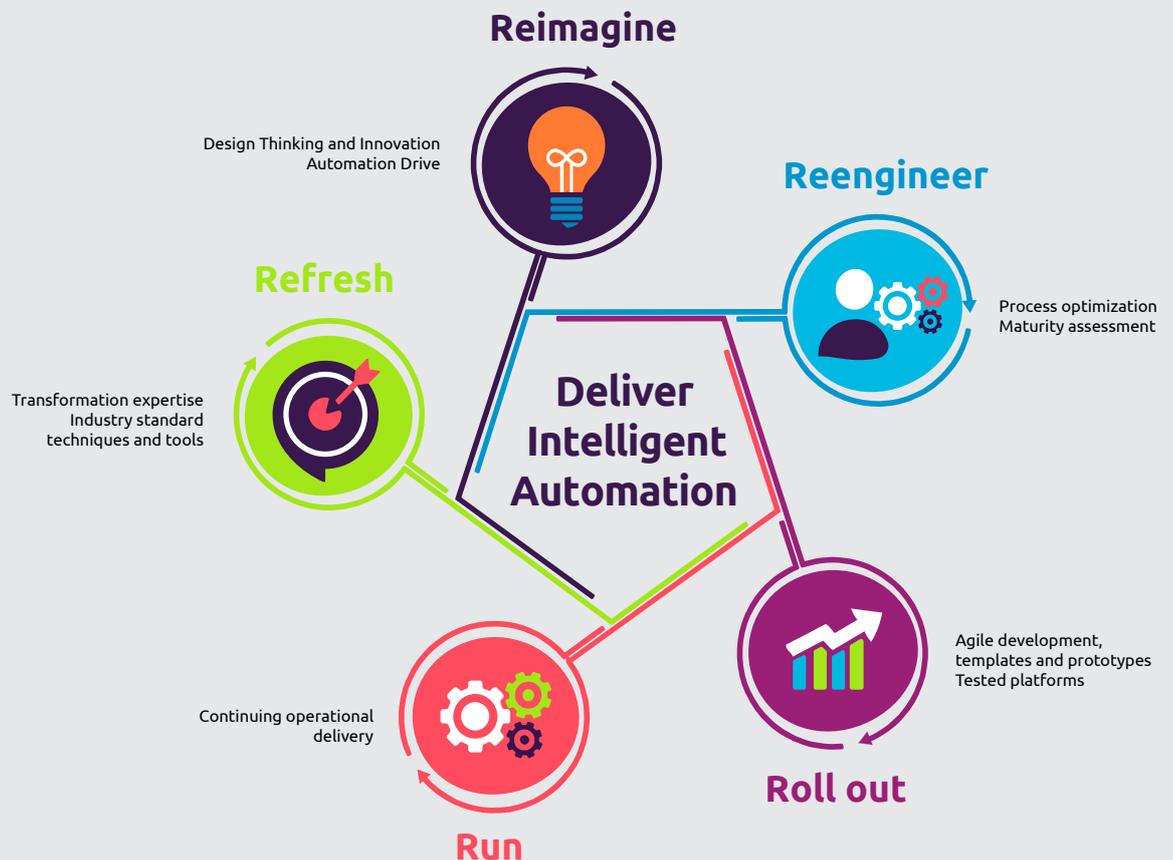
Making a difference to F&A

Business functions can be automated to meet these challenges, but intelligent automation goes a stage further. It learns. It takes the initiative when it can, and provides a basis for expert decision-making when it can't. That's why artificial intelligence (AI) is set to extend and transform the contribution F&A makes to organizations, by benchmarking operations to ensure top performance, reducing total cost of service and implementing a target operating model that actively supports the business.

Across the key functions of credit-to-cash (C2C), procure-to-pay (P2P) and record-to-analyze (R2A) there are opportunities to:

- Enhance customer experience (CX) by moving customers even closer to the center of service delivery.
- Improve relationships with and value for business stakeholders.
- Improve controls across standard processes.
- Monitor and rectify non-compliance.
- Boost P&L and cash flow by reducing leakage from order-to-cash.
- Enhance management of effective working capital.
- Increase sustainable growth in new and emerging markets.

Intelligent automation can be embedded at any point in an organization's process lifecycle:

Reimagine

Design Thinking and Innovation
Automation Drive

Reengineer

Process optimization
Maturity assessment

Refresh

Transformation expertise
Industry standard
techniques and tools

Deliver Intelligent Automation

Roll out

Agile development,
templates and prototypes
Tested platforms

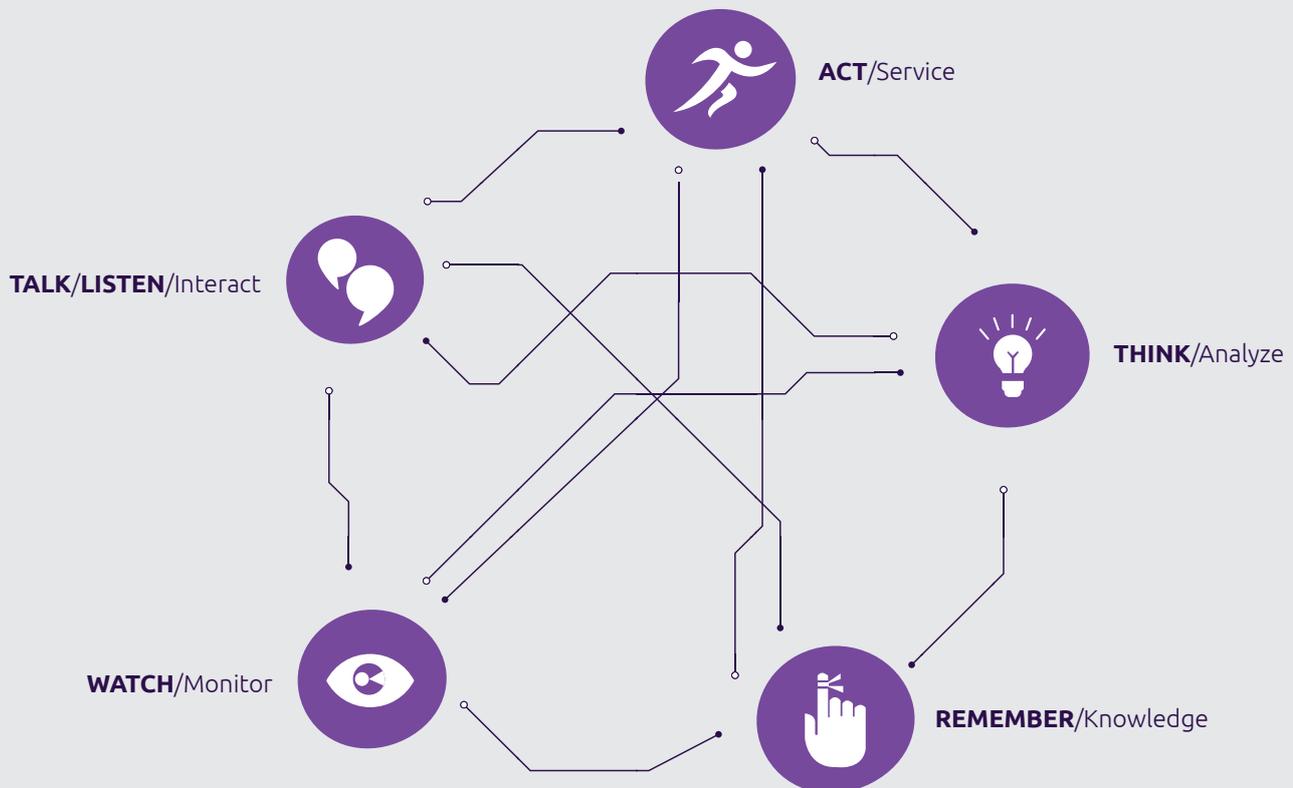## Run

Continuing operational
delivery

The approach—be guided by your senses

To take full advantage of intelligent automation, what's needed is a change of mindset, and in a number of ways. To begin with, it means F&A teams need to see the direction of travel in which this new approach is taking them. For instance: their role will continue to involve reducing cost of service and cost will continue to be a default metric. But for one thing, it's no longer just F&A costs that are under consideration (the cost of processing an invoice, for example): properly handled, intelligent automation can deliver cost benefits throughout the organization. And for another thing, cost is itself only part of the story—as we shall see, intelligent automation gives F&A teams a role to play in delivering great customer experience.

The change of mindset also includes accepting that this is not a purely a technology proposition, and that AI can't simply be bolted on to current processes. Like human intelligence, it's a combination of knowledge, senses and experience, and realizing its potential involves thinking not just about the digital elements, but also about the business infrastructure within which they operate. Properly implemented, AI ought to be intrinsic to the way the enterprise functions.

At Capgemini, we have identified five main attributes of intelligent automation and smart processes that they can be likened to human senses. Thinking of them in this way makes it easier to understand how they function and the contribution they make.

ACT/Service

TALK/**LISTEN**/Interact

THINK/Analyze

WATCH/Monitor

REMEMBER/Knowledge

The "Five Senses of Intelligent Automation"

TALK/LISTEN/Interact

Interactivity is the area in which the technology most engages with people, listening to them, reading what they say and responding, either aloud or in writing. Chatbots and voicebots are common examples. For instance, an intelligent service desk can help F&A team members resolve their own "How do I do this?" queries.

But the technology could also convert data into forms people can understand. It can interpret and present information and even summarize it to assist F&A teams with decision making.

WATCH/Monitor

Intelligent automation makes continuous monitoring possible. It means F&A teams don't have to wait until month-end to see the state of play. It also means they can keep an eye on gaps in transactions and not only see and rectify them quickly but develop new controls to mitigate against future instances.

ACT/Service

In these instances we see automation taking action on its own initiative. In F&A, robotic process automation (RPA) is an example of this, taking and processing a customer order or processing a supplier invoice.

AI can extend RPA by employing deep learning algorithms to learn from historical data and decide appropriate processes and approaches to take in the delivery of financial and other services.

THINK/Analyze

AI detects patterns, recognizes trends and applies algorithms to information to determine appropriate actions—and it can do this at scale.

This can help F&A teams not only identify opportunities to improve their standard practices but make recommendations to other parts of the organization.

For example, transaction history may indicate demographic differences in payment preference that the F&A team can pass on so processes can be amended to improve customer experience.

REMEMBER/Knowledge

AI turns knowledge management on its head. Instead of being driven by the data and by the systems in which it resides, it's driven by the needs of the business and by the value it brings in shaping future direction.

AI-based knowledge platforms can employ deep learning techniques, text analytics and neuro-linguistic programming (NLP), advanced analytics, and knowledge extraction algorithms. For instance, a "fraud bot" can be trained to spot suspicious activity that might otherwise be missed—activity such as changes to bank details, misspellings and transactions at strange times of day.

How the "Five Senses of Intelligent Automation" are applied to F&A

C2C

Talk
- Automated channel management to ensure most effective interaction
- 24/7 access and support via intelligent agents
- Improved capture of incoming emails using ICR
- Triage and prioritization of queries

Act
- Improved automation of cash applications to drive efficiency and accuracy
- Automated reporting
- Dispute and query management

Watch/Listen
- Cash receipts
- Customer feedback
- Expected promise to pay
- Proactive collection process to ensure the customer is ready for a payment on time
- Escalation path

Think
- Customer and retained user satisfaction
- Days sales outstanding (DSO)
- Ageing of accounts receivable
- Bad debts analysis
- Revenue Insights 360°
- Dispute root cause analysis
- Process efficiency

Remember
- Intelligent Service Desk to store customer-related knowledge
- Policy
- Ways of working
- Exception handling

P2P

Talk
- Improved interaction with budget holders and approvers with intelligent agents
- 24/7 connect with suppliers through portals
- ICR and RPA to capture and post incoming data faster and more accurately

Act
- Purchase order flip and full automation of accounts payable
- Point solutions to automate exceptions handling
- Online checks before posting
- RPA posting 24/7 in Capgemini's Virtual Delivery Center

Watch/Listen
- Invoice receptions from key users
- Escalation path
- Payment process
- Duplicate payment risk
- Vendor and budget holder feedback

Think
- Vendor and customer user satisfaction
- Days payable outstanding (DPO)
- Spend analytics
- Percentage of electronic invoices
- On-time payment
- Query root cause analysis

Remember
- Regulatory
- Coding
- Budgetholder and approvers
- Way of working
- Exception handling

R2A

Talk
- Increase business interaction with intelligent virtual agents
- Use of alerts to ensure close timetable activities carried out on a timely basis
- Compliance alerts connected to monitoring of transactions

Act
- Automated preparation and positing of journal vouchers
- Risk-based automated balance capture for accounts reconciliation
- Automated month-end closing
- Automated input for finance and management reporting analysis
- Blockchain technology for intercompany transparency

Watch/Listen
- Proactive review of closing activities
- Follow-up actions
- Escalation path
- Volumes and workload

Think
- Retained user satisfaction
- Closing process
- Process efficiency and effectiveness
- Process delays root cause analysis
- Robust working capital analysis
- Proactive revenue leakage analysis
- Readily available profitability analysis

Remember
- Knowledge libraries to store knowledge related to ways of working
- Exception handling
- Accounting policies and procedures

Case study

Capgemini's Business Services is a global operation, serving multinational organizations across a range of markets and sectors.

The challenges

- Streamline operations and increase efficiency.

- Extrapolate more information from financial data, and interpret it more effectively.

- Improve insight and determine improved courses of action that benefit customers and the organization itself.

The solution

- Assess current business processes to determine best technology approach.

- Adapt processes or technology or both to achieve best results.

- Implement automated approach using a suite of hand-picked best-in-class tools, not just at process level but for the benefit of the organization as a whole.

The processes

- **TALK/LISTEN/Interact—**customers, vendors, and employees to resolve queries and improve collections.

- **WATCH/Monitor—**cash, collection contacts, ageing and customer disputes and more besides using KPI dashboards.

- **ACT/Service—**automated cash apps, bank reconciliations, sales invoice creation, T&E claims processing and more, plus exceptions handling and e-invoicing.

- **THINK/Analyze—**P&L, cash, procurement spend, collections and process efficiency, transaction costs and more.

- **REMEMBER/Knowledge—**collection strategies and patterns as well as cash application and bank reconciliations rules.
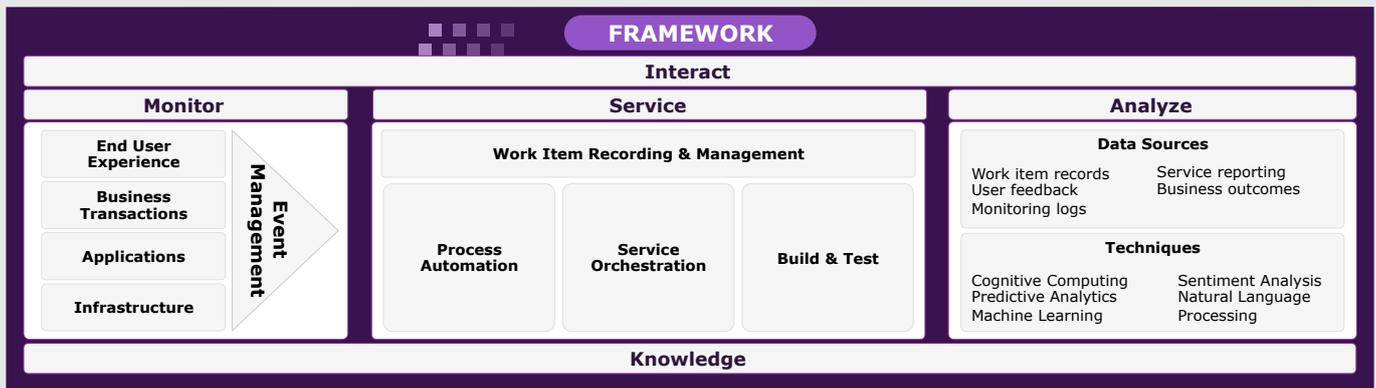
The outcome

- 10-day reduction in days sales outstanding (DSO).

- 30% productivity increase in P2P (T&E and accounts payable).

- Approximately 80-FTE reduction in 2016 (10% of overall headcount).

Capgemini's Automation Drive

Automation Drive is Capgemini's consolidated approach to intelligent automation that combines machine power with business vision, enabling new ways to innovate and turn intelligent automation and AI into an engine for business growth.

The Automation Drive suite Capgemini brings to F&A and other enterprise disciplines comprises three components—Automation Drive Framework, Automation Drive Tools and IP, and Automation Drive Services.

The Automation Drive Suite

| FRAMEWORK | TOOLS & IP | SERVICES |

FRAMEWORK

Interact

Monitor	Service	Analyze
End User Experience	**Work Item Recording & Management**	**Data Sources**
Business Transactions		Work item records / Service reporting / User feedback / Business outcomes / Monitoring logs
Applications	**Process Automation** / **Service Orchestration** / **Build & Test**	**Techniques**
Infrastructure		Cognitive Computing / Sentiment Analysis / Predictive Analytics / Natural Language / Machine Learning / Processing

Event Management

Knowledge

The benefits from real-world examples

Intelligent automation results achieved by global organizations across many industry sectors include:

- Reduced effort per request from 3–4 days to 2–3 hours.

- 4.6-day reduction in dispute resolution time.

- 80% automation query indexing.

- Over 30% improvement in efficiency.

- 20% improvement in bank statement booking processing time.

- 25–30% improvement in bank reconciliation processing time.

- Up to 30% improvement in cash flow reporting.

Lessons to learn

The conclusion we can make is that intelligent automation:

- Gives finance teams a more comprehensive and immediate view of business performance than they've ever had before. This knowledge is a benefit not only for F&A but for every other part of the organization.

- Brings new and more immediate levels of measurability to finance.

- Is more accountable. By automating F&A processes organizations can also to a large extent automate demonstrations of their compliance.

- Demonstrates that good customer experience can and should be part of the F&A remit, and also that it's not necessarily predicated on people. In fact, it can monitor activity and respond appropriately in ways that couldn't otherwise be achieved.

What's more, a fairly low investment can deliver a significant return, which can then fund further transformation.

The transformative benefits of intelligent automation can be achieved to their fullest extent when things work in concert with one another—when technology and tools are matched by deep understanding and experience not only of their implementation, but also of the processes to which they apply inside global operations.

When this happens the F&A function will be recognized as the nerve center of the enterprise, and the entire organization can reimagine its own future.

About the author

As head of Business Transformation Services for Capgemini's Business Services, Carole Murphy leads Business Transformation Services, a global team of transformation professionals and is responsible for developing and delivering transformational solutions for our clients.

Drawing on over 20 years of experience across operations, consulting, and transformation, Carole helps large global organizations achieve their business objectives and operational excellence through BPO-led transformation and alignment of Capgemini's Business Services and Group assets to deliver efficiency, value, and improved control in their operations. These include industry-specific transformational solutions across Finance and Accounting, Supply Chain, Procurement, and Analytics.

Carole joined the Capgemini Group in 1996 and is a qualified accountant and lawyer.

About Capgemini

A global leader in consulting, technology services and digital transformation, Capgemini is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. Capgemini is driven by the conviction that the business value of technology comes from and through people. It is a multicultural company of 200,000 team members in over 40 countries. The Group reported 2017 global revenues of EUR 12.8 billion.

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Scan here to find out more about Capgemini's Finance Powered by Intelligent Automation offering.

Scan here to read more about the "Five Senses of Intelligent Automation."

People matter, results count.