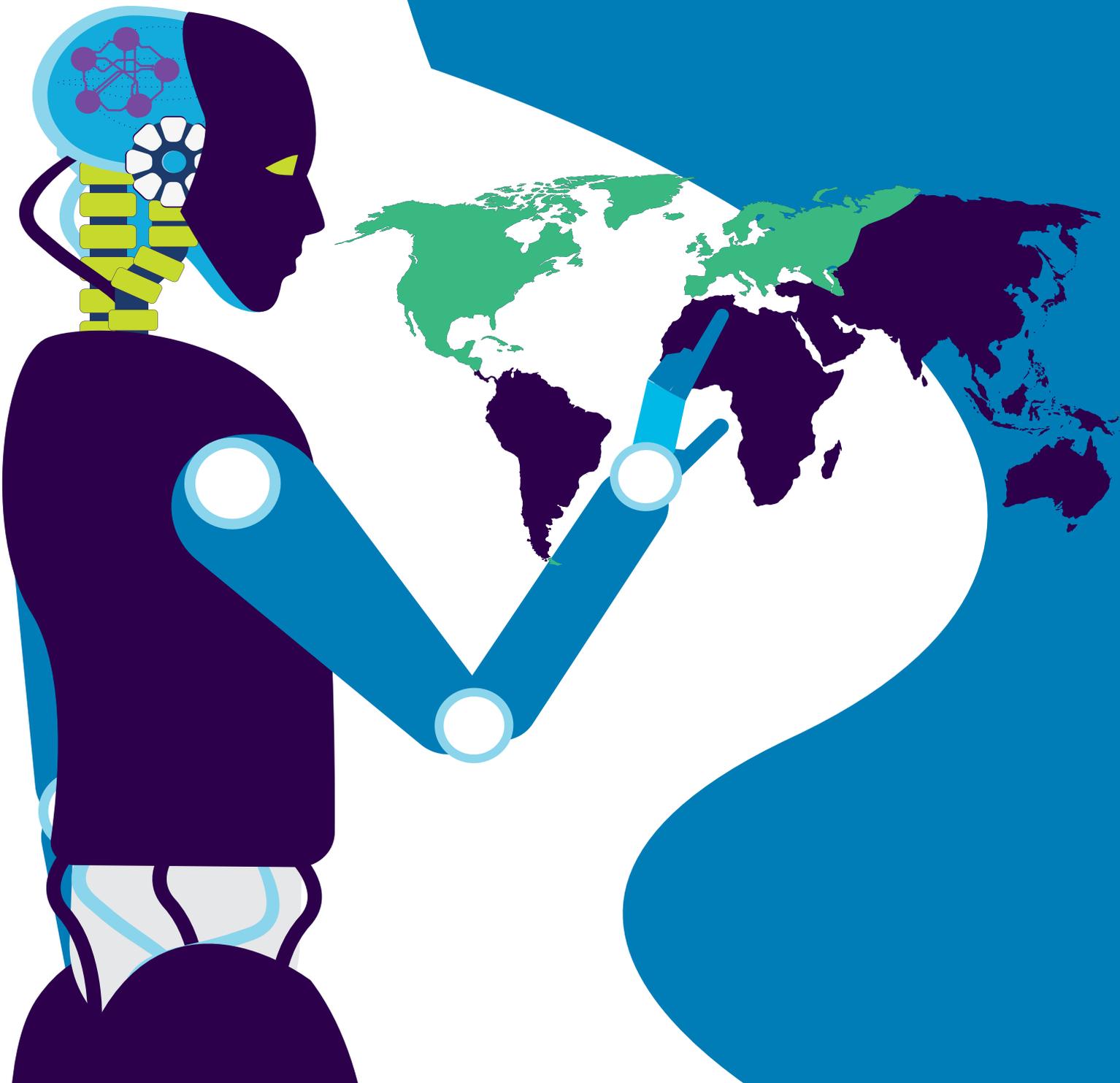


Reimagining finance for the digital age

Regional spotlight



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Introduction—the automation imperative

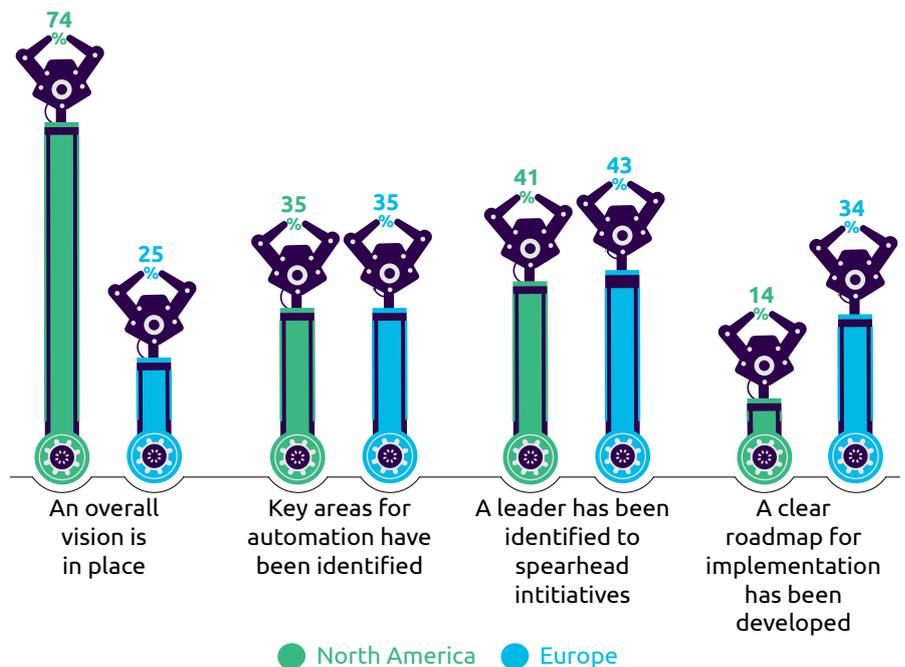
As organizations confront the realities of digital disruption, their finance functions are in an exciting but challenging position. With competition intensifying, they must ensure that the business is agile and efficient, but they must also play a strategic role in innovation and reinvention. Finance will be at the heart of the new data-driven business.

Intelligent automation technologies, including robotic process automation (RPA), artificial intelligence (AI), and machine learning, will be crucial. They provide the means to drive cost out of finance, improving the efficiency and quality of its outputs. They also offer the function a way to generate crucial actionable insight for the enterprise and to play the key role in informed decision making.

Capgemini's latest research¹ suggests that leading organizations in Europe and North America recognize the potential of automation in finance. Around a third of executives in both regions say their organization has already agreed a transformation strategy for automation in the finance function.

Automation is on the agenda for senior leaders of organizations in Europe and North America, with 48% of North American respondents saying there are high levels of awareness among senior leaders; in Europe, the figure drops to 40%. And 82% of North American respondents expect automation in the finance function to have a transformational impact on their business over the next three years, compared with 75% in Europe (see Figure 1).

Figure 1: Share of respondents with a clear strategy for finance automation or are developing one, who have the following elements in place



¹ The survey of 500 senior finance executives, conducted in January and February 2018 by Capgemini and Longitude, included 250 executives working in Europe and 250 in North America). The conclusions from that wider research are presented in [Reimagining finance for the digital age](#).

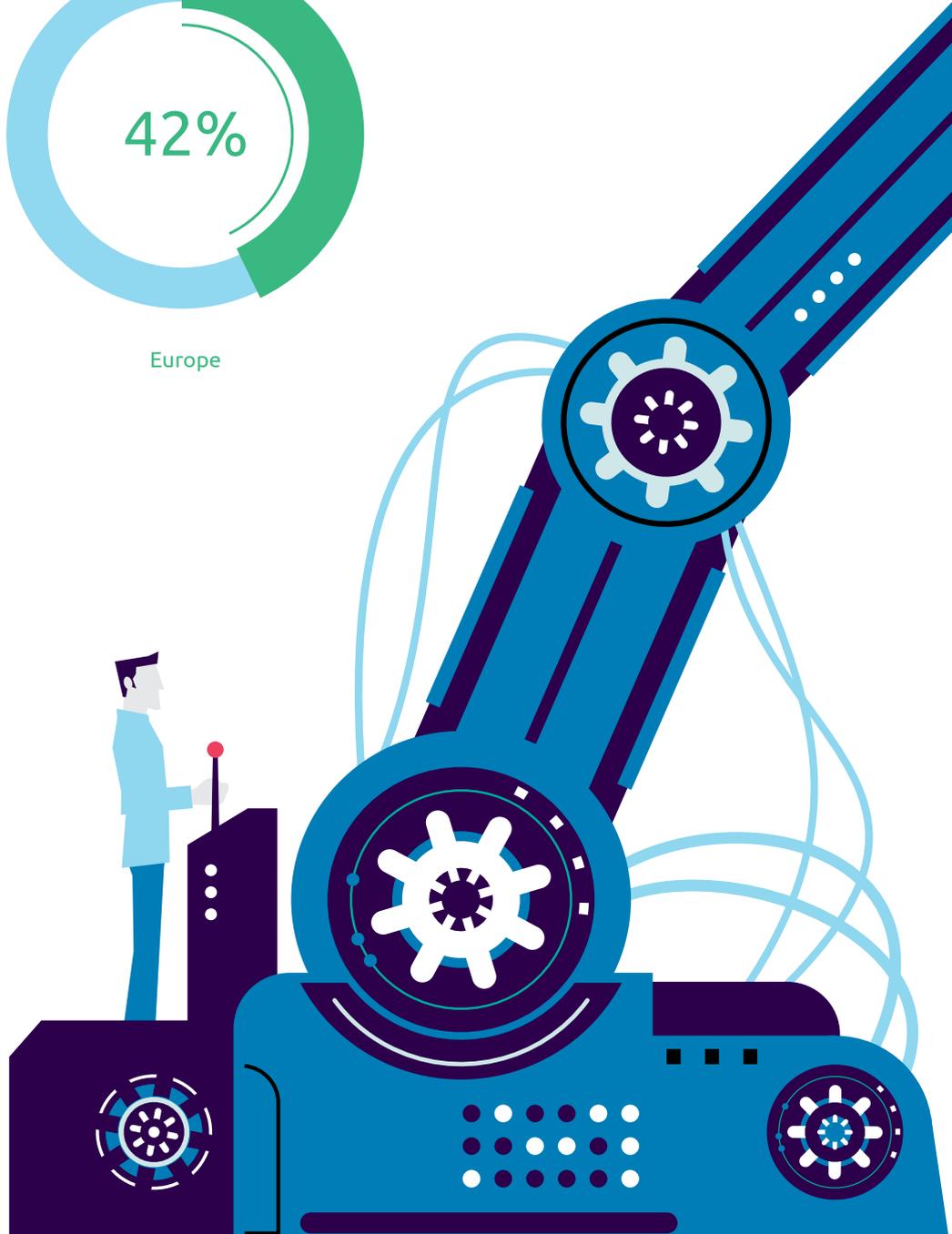
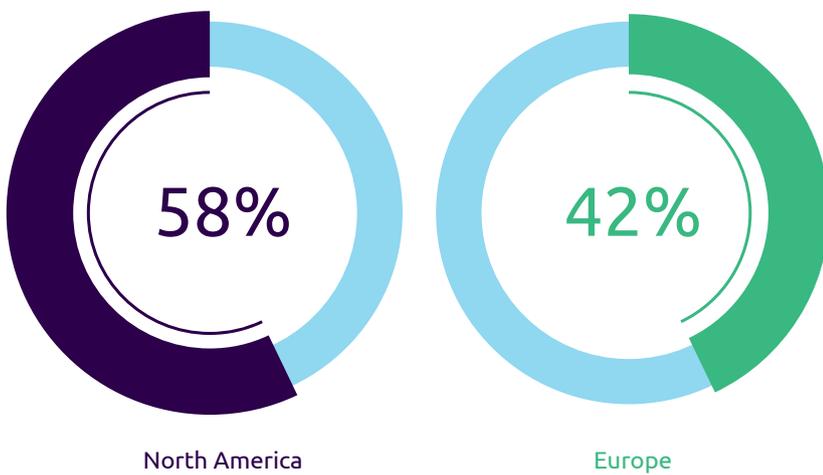
But despite similar levels of awareness, North American businesses appear to be moving further, faster. About three-quarters (74%) have an overall vision of transformation strategy for automation within the finance function, against only 25% in Europe.

However, it would be unfair to characterize European businesses as behind the curve on automation. Significant numbers of organizations across Europe report high levels of engagement and prioritization for initiatives in this area, and

there is some evidence that they have made better progress with implementation planning.

And these North American organizations are following through on their intentions. Among the automation “Masters” identified in our research—a small group of finance teams in the wider survey that are outpacing the rest in finance automation—North American businesses are in the majority (see Figure 2). See [Reimagining finance for the digital age](#) for a detailed discussion of the Masters.

Figure 2: Finance automation masters by region





Defining automation

For the purposes of this study, automation is defined as the application of technologies such as RPA, AI, ML, and chatbots. Within the finance function, automation lends itself to numerous processes, such as invoicing, order management, payments, journal entry, and many more. In this context, the term “robot” typically denotes a software program that drives the automated execution of a process.

About the research

The analysis in this report draws on [*an online survey of 500 senior finance executives*](#) conducted in January and February 2018 by Capgemini and Longitude.

Seven in 10 survey respondents are finance directors (39%) or finance operations directors (31%), with the balance consisting mainly of finance transformation directors or managers, chief financial officers (CFOs), and controllers. Quotas were set on the sample to deliver an even split between five industries: consumer products, retail, financial services, manufacturing, and media and entertainment.

We also set quotas on geography, with half of the respondents based in North America and the other half in Europe (mainly in the UK, Germany, and France). All work in large organizations that have an annual revenue of €2 billion or more.

We also obtained in-depth insights from interviews conducted with the following individuals:

- Daniel Borges, Senior Vice President, Chief Account Officer, Iron Mountain
- Violet Desilets, Vice President, Financial Services and Systems, Staples
- Katja Hinojosa, Finance Transformation Director, Tetra Pak
- Bob Kurpershoek, Director of Financial Operations, NBCUniversal
- James Merrick-Potter, Head, Robotic Automation Unit, UK Cabinet Office
- Thomas Newman, Director, Solutions Development, General Mills
- Thomas Peyton, Vice President, Service Excellence, Wolters Kluwer
- Nick Prangnell, Global Head, Finance Shared Services, Iron Mountain
- Wayne Walker, Director, Financial Operations, Global Business Services, General Mills
- Brian Warnert, Director of Operations, Global Business Solutions, General Mills

Finance automation maturity

Our research suggests North American businesses are more likely than their European counterparts to have implemented a range of automation tools in their organizations. For example, 32% of North American respondents say they have now partially or fully implemented AI tools, compared with only 22% in Europe. And 27% of North American businesses have partially or fully implemented automation in transaction monitoring, compared with 12% in Europe.

There are exceptions, however. Europe is ahead of North America on the implementation of analytics and machine learning tools, for example. And organizations in both regions expect their finance automation to mature: about 55% of respondents across the two regions say they expect automation to have a high impact on their finance department, with many workloads automated and jobs scaled back as a result.

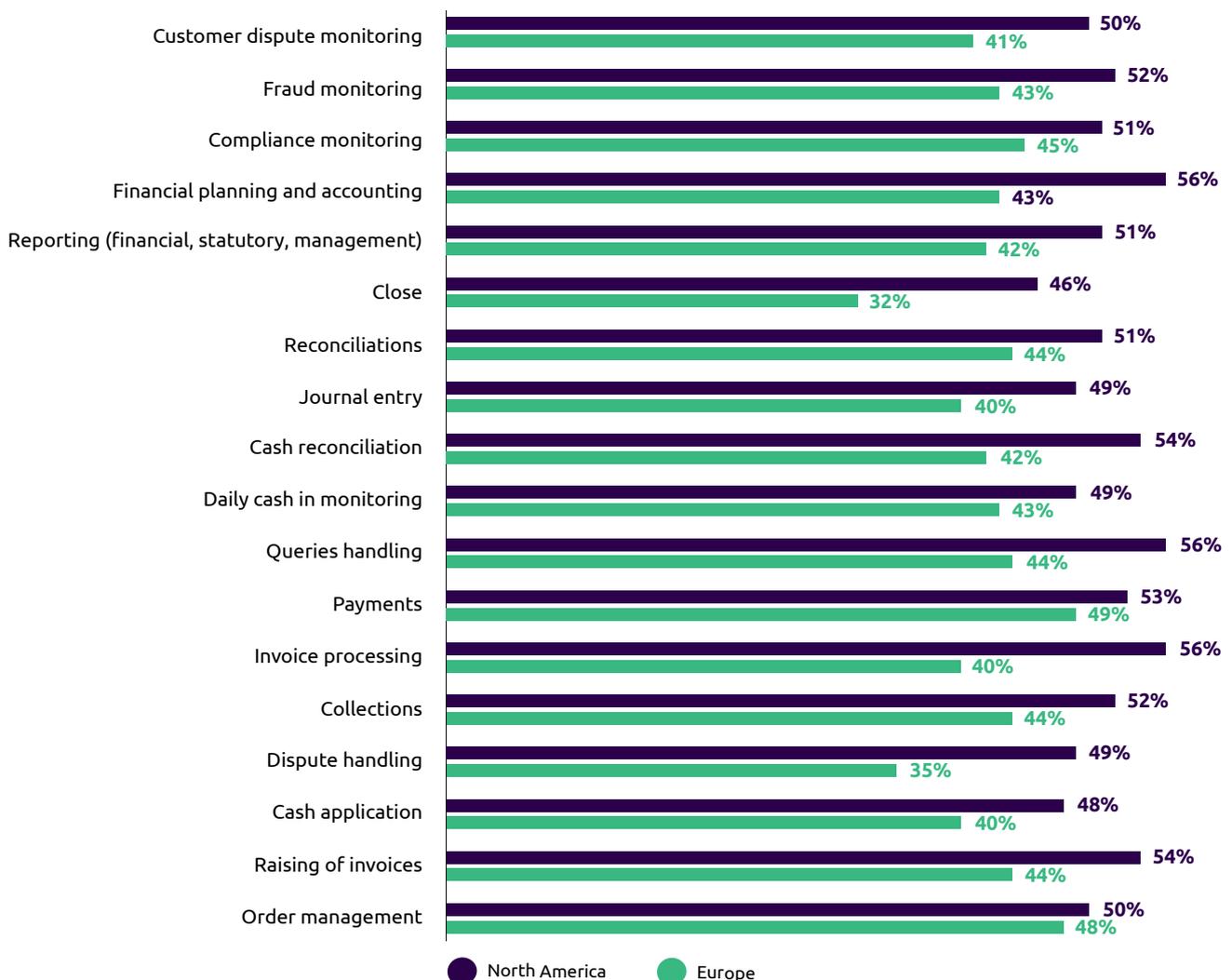
The motivation for this is not necessarily to save money, however. “It’s not just about cutting costs,” says Violet

Desilets, Vice President for Financial Services and Systems at the US retailer Staples. “It’s about improving the outcome for our customers and therefore our business.”

That transition has already begun, though it is further ahead in North America. As Figure 3 shows, for each of the 18 finance function processes covered in the research, about 50% of North American respondents say they have fully or partially automated their work. In each process, fewer European organizations have got so far, and in several cases Europe is some distance behind.

However, this is now likely to change. European organizations are set to catch up with their North American counterparts over the next three years: in every process in the research, larger numbers of European organizations anticipate partially or fully implementing automation solutions over the next three years where they have not done so already. This will close the gap.

Figure 3: Share of media and entertainment organizations that have fully or nearly fully automated the following finance processes a



Building the business case

The potential benefits of automation in the finance function begin with valuable productivity gains. As organizations automate what were once manual processes, finance can manage that work more quickly and produce higher quality outputs with fewer employees.

Over time, however, the greatest benefits of automation will be more strategic. As skilled finance professionals are relieved of manual tasks, they will have more time for activities that add value. Using data and analytics tools, finance can be the primary source of actionable insight for the whole organization.

Some organizations are focused on the bottom line, however—particularly in Europe. North American organizations, in contrast, are more likely to recognize the strategic change vision. More than half (55%) strongly agree that automation has the potential to transform the finance function from scorekeeper to strategic business partner; only 30% of European respondents say the same.

This may explain why North American respondents are especially likely to believe that the potential rewards of automation in finance outweigh the risks: 58% of respondents in North America strongly agree, compared with only 29% in Europe.

Nevertheless, respondents in both regions share a deep-seated belief that automation can generate a broad range of benefits—both tactical and strategic—for their

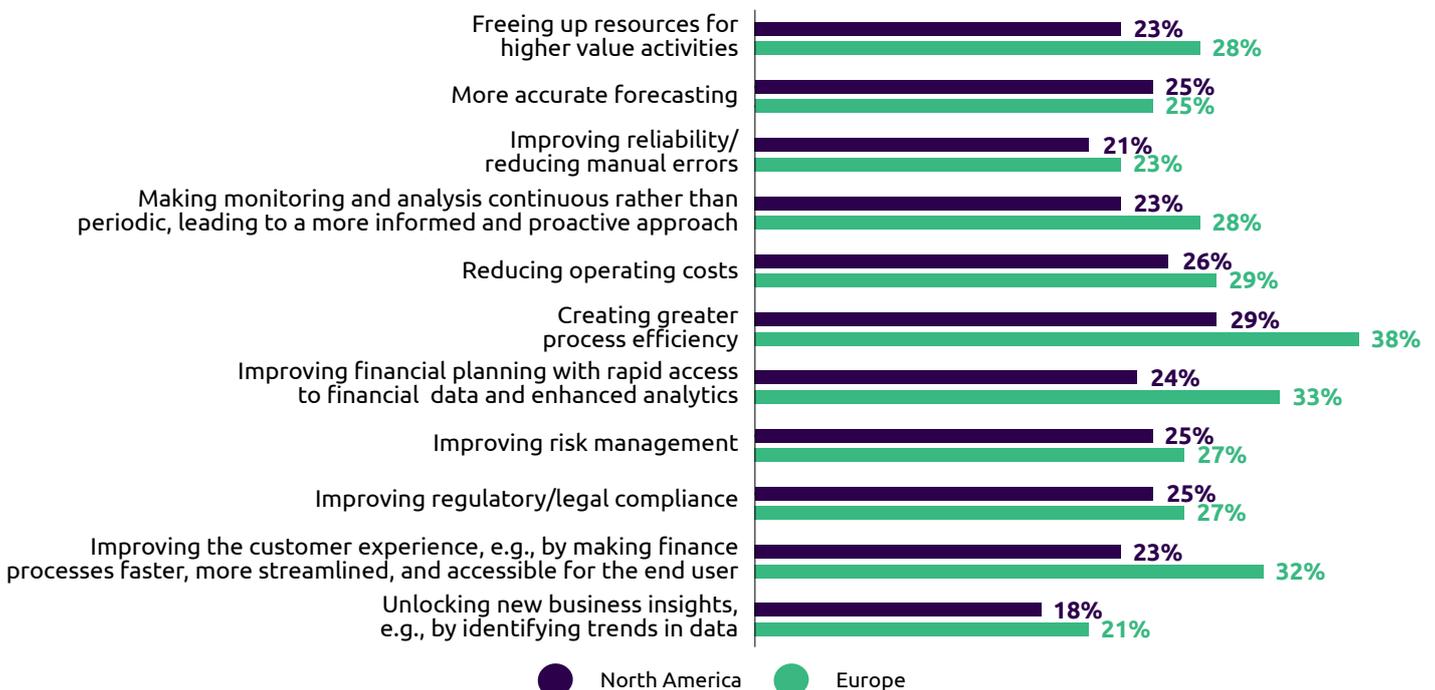
organizations. Similar proportions of organizations on both sides of the Atlantic (about half) say that automation can generate fundamental improvements in areas such as cost reduction, employee productivity, business insight generation, and forecasting accuracy.

And many respondents say they are already generating substantial benefits of this kind from their automation. As Figure 4 shows, European organizations are more likely to say they have fully realized the benefits of automation. This is particularly the case in areas such as process efficiency, financial planning, and improving the customer experience. Fraud identification is the only area where North American respondents are more likely to say they have already captured the full benefit of automation.

This might be surprising, given that the research suggests North American organizations have typically made more progress toward process automation in the finance function. Still, among those organizations yet to fully capture these benefits, significant proportions expect to do so within the next three years—and North American respondents are especially optimistic.

This is particularly true when it comes to the more strategic benefits of automation. For example, 48% of North American respondents who are yet to do so, look forward to fully exploiting automation’s potential to unlock greater business insight from data, compared with only 31% of European organizations. Some 54% of North American respondents say the same of improving financial planning, compared with 34% in Europe.

Figure 4: Share of respondents who say that the benefits of finance automation have already been fully realized



Driving change through strategic leadership

One reason why North American organizations appear to have made more substantial progress on automation is that their senior leaders are more focused on the technology on an enterprise-wide basis.

While 34% of European organizations say they have a dedicated team or leader that manages automation across the enterprise, this rises to 41% among North American respondents. There is leadership in European organizations, but it is more likely to be found operating independently in each business unit.

North American finance leaders are also more likely than their European counterparts to believe they have a responsibility to drive enterprise-wide automation: 55% strongly agree that finance should play a leading role, compared with 32% in Europe.

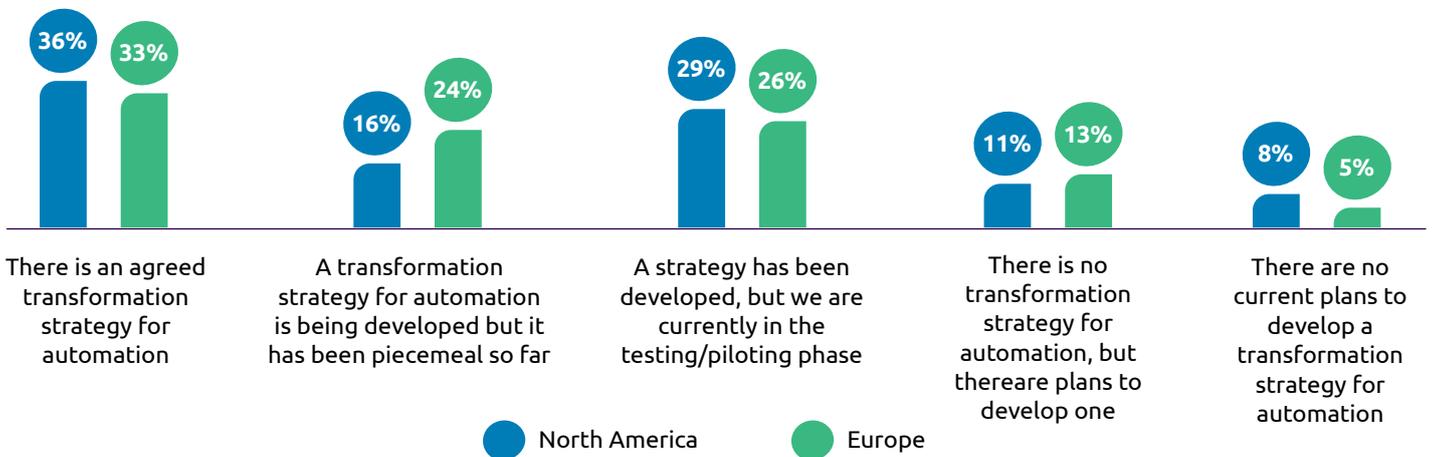
Indeed, among European organizations in the research, only 30% strongly agree that automation is a strategic priority for the finance function; in North America, 60% take this view. One explanation for this is that in European organizations

finance is less likely to take a clear lead on automation strategy, and cedes more power to IT than its North American counterparts do. In Europe, 44% of respondents say finance will lead the strategy, compared with 72% in North America.

At the global entertainment company NBCUniversal, for example, Director of Financial Operations Bob Kurpershoek is clear about where leadership responsibility lies on the firm's RPA implementation. "IT is consulted, but the finance function is leading the RPA initiative, because it's a very operational tool," he says. "IT is definitely involved, and I think that's very important, but it's finance in the lead."

More positively for European organizations, their finance functions are in a much stronger position when it comes to transformation strategy. As Figure 5 shows, almost as many European organizations have now agreed a strategy for automation of the finance function as those in North America. And among those that haven't reached agreement, European respondents are more likely to be moving ahead.

Figure 5: Does the finance function have a transformation strategy for automation? (Share of respondents)



“

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Director of financial operations, NBCUniversal

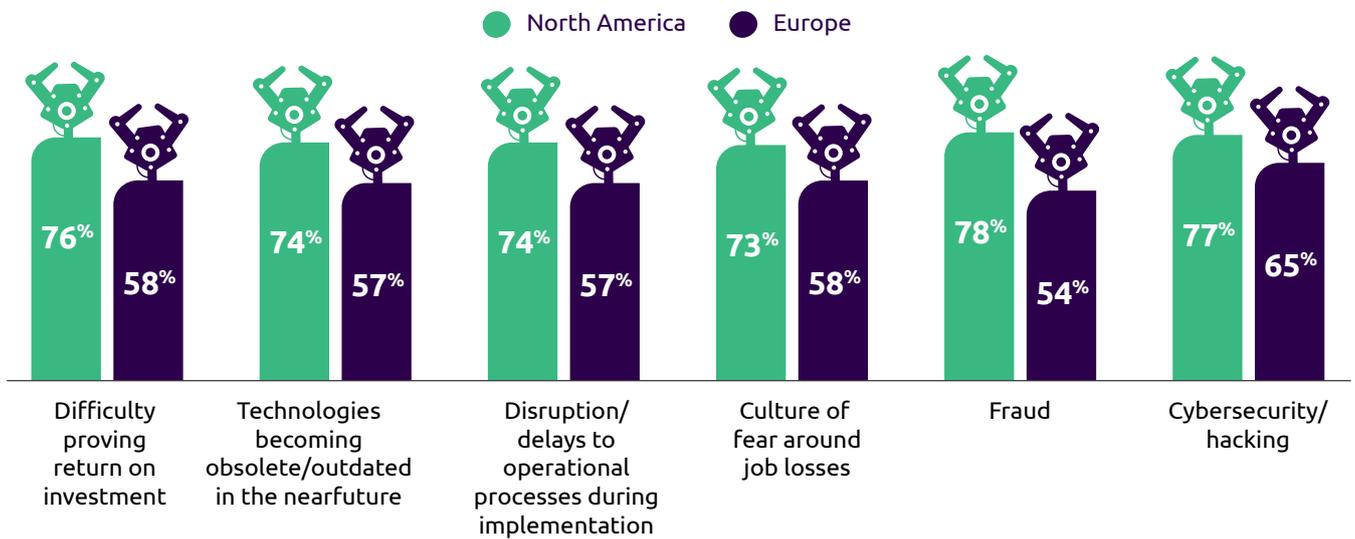
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We assessed existing pilots and projects and worked with a few companies to see what was possible. Once we saw the potential across Government we built a Centre of Excellence to create proper scale and to help departments scale up their operations.”

James Merrick-Potter

Head, Robotic Automation Unit, UK Cabinet Office

Figure 6: The most pressing risk factors in adopting automation technologies (share of respondents ranking “some” or “significant” risk)



Moving past the barriers

Across the research, three-quarters (75%) of the total sample agree that the rewards of automation outweigh the risks for the finance function. But many have identified risk factors that they will need to confront as they adopt new automation tools.

While North American organizations may have made greater progress with automation in finance so far, they are consistently more likely to be worried about specific dangers. Across six separate categories of potential concern, about three-quarters of North American organizations say they have identified some or significant risk (see Figure 6). In each case, European respondents are markedly less anxious, which may be why more European organizations envisage rapid progress on automation implementation over the next three years.

The leading risk factor for organizations on both sides of the Atlantic is the potential for automation to expose them to a cybersecurity breach or hacking. So introducing robust

processes and protections alongside automation initiatives will be an important part of implementation.

Elsewhere, all respondents report concern about the difficulty of proving the return on investment generated by automation.

James Merrick-Potter, head of the Robotic Automation Unit at the UK Cabinet Office suggests that the solution here is to start small, prove the case and then build. “We assessed existing pilots and projects and worked with a few companies to see what was possible,” he says. “Once we saw the potential across Government we built a Centre of Excellence to create proper scale and to help departments scale up their operations.”

However, even when organizations are able to mitigate potential risks of automation, they face practical barriers that stand in the way of adopting new tools and technologies in the finance function.



You have to start with the people first, and the structure. Standardize your processes and then enable them with technology. If you start with the technology, and you have bad processes, your outcomes are always going to be sub-optimal.”

Daniel Borges

Senior Vice President, Chief Account Officer, Iron Mountain

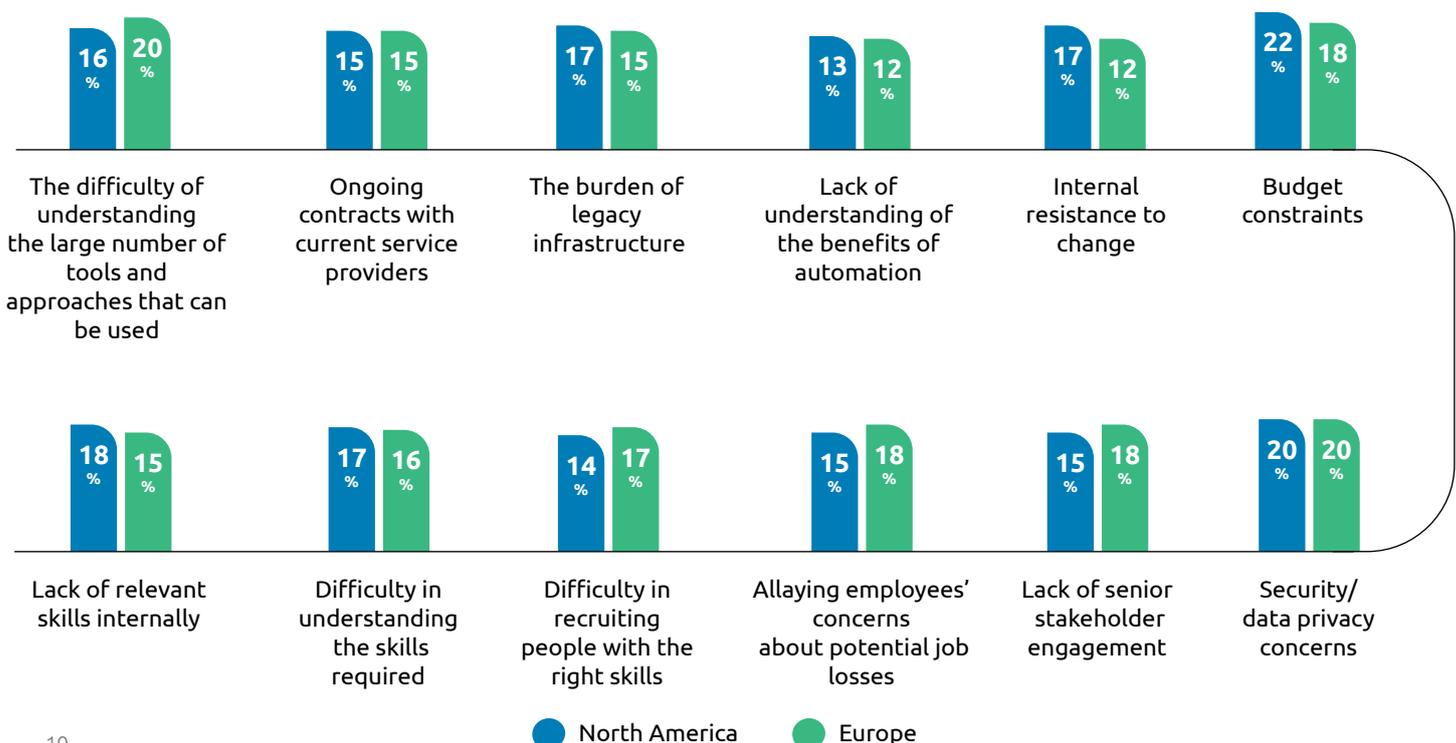
Again, these barriers differ by region, but larger proportions of European respondents cite most of the potential barriers to adoption, which could explain why implementation there has been slower. For example, 20% of European respondents are still struggling to understand how to approach automation because of the large number of tools and approaches possible, and only 16% of North American respondents say that this is an issue. European organizations are also more likely to be worried about senior stakeholder engagement and the need to reassure employees who are worried about potential job losses (see Figure 7).

In both regions, security and data concerns are an important challenge. European respondents are slightly more concerned (and it is their top challenge alongside the large number of tools approaches), which may reflect the introduction this year of the EU’s General Data Protection Regulation (GDPR). The most pressing challenge for North American businesses, on the other hand, is budget constraints.

Skills shortages are an issue across both regions. European organizations worry more about their ability to recruit people with the right skills to help them adopt automation technologies, while their North American counterparts are more likely to be concerned about the lack of skills within the organization.

Organizations are right to acknowledge the importance of their people. According to Daniel Borges, Senior Vice President, Chief Accounting Officer at information group Iron Mountain, the success or failure of automation projects will come back to the people question—not only their expertise in new technologies, but also the processes and practices of the business itself. “You have to start with the people first, and the structure,” he says. “Standardize your processes and then enable them with technology. If you start with the technology, and you have bad processes, your outcomes are always going to be sub-optimal.”

Figure 7: Key challenges for the finance function in adopting automation technologies (share of respondents ranking their primary and secondary challenges)



Conclusion— moving along the maturity curve

What does the research results tell us about how businesses in Europe and North America are handling the shift to finance automation?

- **Businesses must accelerate adoption of automation technologies in their finance function processes**—North American respondents may have moved more quickly than their European counterparts, but all organizations still have plenty of work to do to automate finance processes. They must accelerate their efforts in order to capture more benefits.
- **Businesses should look beyond the operational benefits of automation to longer-term, strategic gains**—many organizations already report good progress in capturing process efficiency benefits from automation implementation. However, strategic benefits such as insight capture and improved decision-making abilities could generate far greater returns. European organizations, in particular, need to look into these gains.
- **Stronger leadership on automation is key, particularly for European organizations**—securing greater senior leadership engagement in automation strategy—both within finance and across the enterprise—will accelerate implementation. The finance function must recognize the opportunity to play a greater strategic role throughout the organization.
- **Risk mitigation is an important part of automation planning**—the rewards of automation outweigh the potential risks, but organizations must still address the risks. Confronting the issue of cybersecurity with robust resilience planning should be a particular focus.
- **Businesses need to think hard about how to address the skills shortage in automation technology**—with so many organizations worried about the difficulty of recruiting external candidates with relevant skills, it is important to focus on improving the skills base of the existing workforce.



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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