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A NEW SHARED VISION

How Robotic Process Automation and AI are reshaping Shared Services

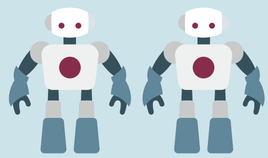
From cost centre to value generator

Companies have always viewed shared services as a cost centre and looked for ways to make it more efficient. After all, why invest heavily in routine tasks that are of marginal strategic value to the business?

The ultimate goal is to convert shared services into a value generator, or at the very least keep the cost of running them to a bare minimum. However, whilst companies have made significant leaps in the past two decades by centralising simple processes and outsourcing others, the time and money required to run these operations continues to dwarf the returns for their organisation.

In the 1990s, companies began to centralise their processes, or offshore and outsource some elements to take advantage of labour arbitrage

As consistency and quality became more important, shared services went through a period of standardisation, allowing businesses to focus on strategic pursuits



Companies are now exploring how automation and AI can cut up to 80% of the time needed to manage shared services transactions so employees can focus on value-adding activities

1990s — **2000s** — **NOW**

RPA is changing everything

A company's investment in shared services is about making administrative processes leaner and more efficient, so it's only natural that this has become the proving ground for technologies which support increased automation, improvements in efficiency and greater levels of employee self-service

Enter Robotic Process Automation (RPA). RPA marks a major leap in the quest to optimise shared services because it allows businesses to systemise simple, repeatable tasks. Unlike the mechanical robots used in manufacturing processes, the virtual bots used in automation software are programmed to mimic human keystrokes at a computer, which means they can handle clerical jobs, more quickly and accurately at a lower cost.

Automation is not new to the finance department. Many companies already use integrated Optical Character Recognition, a form of intelligent scanning, to input supplier invoices into their ERP systems instead of doing so by hand. However, in this time of economic uncertainty CEOs have adopted a strict cost-cutting agenda and are placing more pressure on the CFO to help them uncover new efficiencies.

> "For many businesses, this ability to sweat their legacy systems while driving efficiencies is very attractive indeed."

Companies are beginning to embrace RPA because it is non-invasive and can be used as a tactical point solution to optimise specific processes rather than demanding a major transformation with complex integrations. For many businesses, this ability to sweat their legacy systems while driving efficiencies is very attractive indeed. Of course, the more transactions businesses entrust to RPA the bigger their savings, so there is value in automating as many processes as possible.

Is it lights-off for shared services?

For years, businesses have been chasing a nirvana state of "lights-off processes" for routine tasks, but haven't been able to shake the enormous time investment required to manage even the simplest services. The advent of AI, chatbots and other forms of automation has finally put companies in a position to clear this hurdle.

> "Some specialised outsourcers are investing heavily in RPA but many businesses are still managing a disjointed collection of processes and data, with each department handling simple tasks in completely different ways."

A true lights-off approach to shared services function is still some time away for most companies, however. Some specialised outsourcers are investing heavily in RPA but many businesses are still managing a disjointed collection of processes and data, with each department handling simple tasks in completely different ways. Unless great vigour is applied to standardising processes, applying RPA to shared services will only result in a large mess made more quickly at it can only automate what's there already – both the good and the bad.

RPA alone will not make smarter business decisions – this is down to how the underlying processes themselves are conceived.

Adding AI to the mix

The most compelling businesses cases for automation will come to light as the technology becomes more sophisticated and begins to adopt elements of machine learning. By incorporating AI (Adaptive Intelligence) into automated services, RPA will be elevated to a self-improving mechanism that constantly scrutinises processes and makes recommendations to users on how they can be improved in real-time.

In other words, automation shows its true value when it influences human decision-making for the good of the organization. Oracle ERP Dynamic Discounting is an early example of this concept in practice – the application monitors supplier invoices for those that offer discounts for early payment and flags these opportunities so that finance teams can better prioritise their payments.

Coming full circle

The cost-savings associated with RPA are what is attracting businesses – some estimates suggest automated services will cost just 10% of what it costs for people to do the same work. Given this completely new cost dynamic, can we expect a reversal of the offshoring and outsourcing that have dominated shared services until now?

"A call for more strategic support from the finance and HR department means shared services workers will need to step out from the back office and rise to this challenge."

There is a strong case for this. Automation and AI will undoubtedly reduce the shared services workforce as it becomes possible for business users to find information through self-service technologies or by speaking with a chatbot. Meanwhile, a call for more strategic support from the finance and HR department means shared services workers will need to step out from the back office and rise to this challenge, embracing more value-added activities such as business partnering.

The timing also coincides with a period where many businesses are migrating their finance systems and back office services to the cloud. A rethink of their shared services is a natural extension of this much larger IT transformation project geared at working smarter for less.

"Organisational models will need to adapt as more administrative tasks are taken on by smart software and automated processes. We may even see businesses rethink their decision to offshore shared services given that if they can rely on virtual assistants to handle more day-to-day processes there is less opportunity for cost arbitrage."

Chris Hogan,
Head of Global Client Relations at CIMA

Time will tell how the evolution of RPA will affect shared services strategies, but as the technology becomes more sophisticated, with cloud and AI built directly into the applications, businesses would do well to revaluate their current approach.

Q&A with **Sarah Daubenspeck** Managing Director at Accenture

Why are companies looking to RPA for shared services?

Businesses are facing major cost pressures and looking for ways to shed weight. They want to minimise the cost of keeping the lights on and focus their investment on differentiation. Meanwhile, CFOs are being asked to contribute more heavily to company strategy, and as part of this they are revaluating internal processes to uncover new efficiencies.

How far along are we today?

We're still in the early days of RPA, but organisations that haven't at least considered its potential are already behind.

The financial services sector is ahead of the curve, as the technology is ideally suited to highly regulated industries where data quality and reliable processes are crucial. Accenture's own research has found that RPA could help FS companies cut their costs by 80% and complete routine tasks 80-90% more quickly.

What is the first step in automating a process?

Most businesses struggle when moving to automation because they don't have a solid foundation piece in place. RPA has little value in an environment where processes vary from day to day, so if you want to automate entire workflows you need to start with a strong process discipline.

With the right process infrastructure in place, companies can get some quick wins out of RPA. Routine tasks like invoicing, general ledger reconciliation and cash applications are great places to start. RPA will also play a role in revenue assurance and some basic reporting, but for now these processes still require a degree of manual intervention.

Who's going to develop and manage these processes?

CFOs have seen automation and AI coming for some time, which is why companies have increasingly stopped hiring traditional accountants in favour of more rounded employees. Data scientists and professionals with API coding or modelling skills are joining the finance department to help businesses build and manage automated processes.

This is a real paradigm shift, if you'll excuse the cliché. Finance teams have traditionally spent a great deal of time trying to make finance processes more efficient. They are now being asked to impact the agenda of the outward facing enterprise and to contribute to the company's vision their skillset needs to evolve.

How will AI change the finance function over the next decade?

The finance function is already moving towards a business partnership model, and AI will be a major contributor to this transformation. Business leaders want information on-demand, and Excel spreadsheets are already giving way to more ad-hoc reporting and data visualisations. We'll also see metrics and reports become accessible on peoples' devices. This approach has seen some traction but RPA will be the key to making mobile data access the norm.

In an ironic twist, automation will also bring a human touch back to shared services. Companies are working harder than ever to improve their employee experience, and sophisticated chatbots will allow workers to interact with business functions in a more conversational and personalised way.

Are your financial processes best or broken?
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