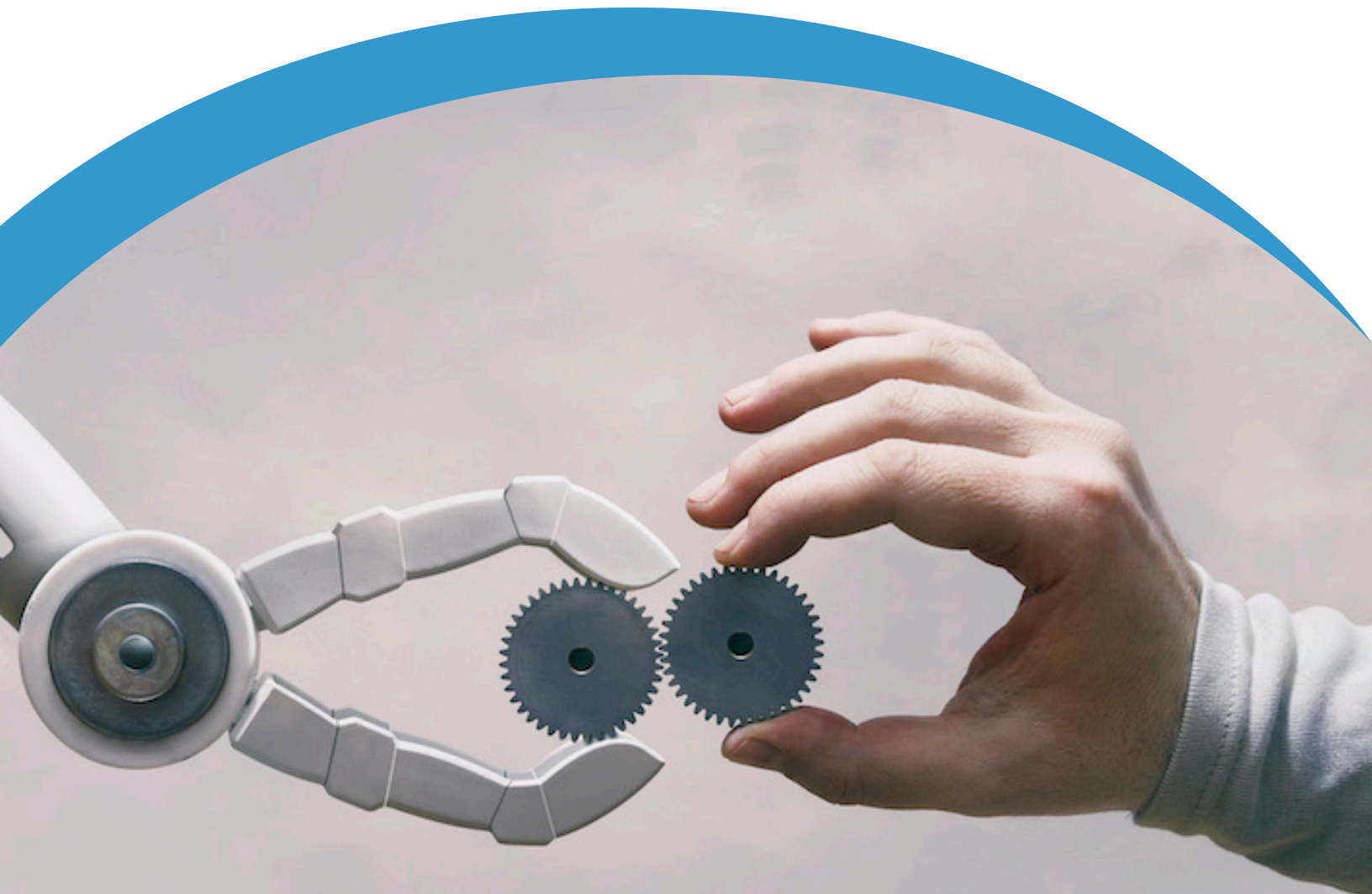




# Tipping Point: 2021 State of Automation in the Back Office Report



# Executive Summary

While the COVID-19 pandemic is almost in the rear view, the ripple effects will reverberate for years to come. Remote working and off-site conditions helped highlight the significant need to embrace the digitization of processes across the enterprise.

The “new normal” spotlighted one major department in need of automation: the corporate finance back office. As a result, we recently surveyed more than 500 finance professionals to understand automation in the back office. Our report takes a deep dive into the responses collected from the corporate back office, including the tasks that take up the majority of a finance professional’s time, the top challenges within the finance back-office, and the current and future state of automation in finance.

Our second-annual Automation in the Back Office report indicates that the corporate finance back-office must step up and embrace automation. With most other departments at the forefront of innovation, finance must shed the reputation that they are slow to adopt new technology and learn how to streamline most back-office processes.



*“The massive shift from RPA to intelligent, autonomous apps is underway. The industry is ripe for change, and companies on the front lines of creating the self-driving, autonomous organization of the future are taking both mindshare and market share. I advise any forward-looking CFO to consider these types of solutions as their technology of choice to transform their corporate finance function and catapult their back office into the autonomous future.”*

**– R “Ray” Wang,  
CEO and founder, Constellation Research**



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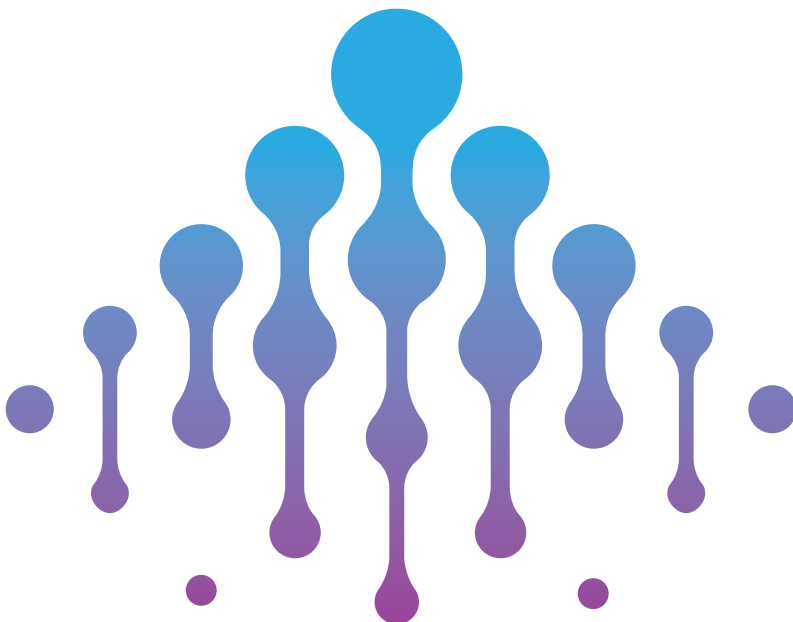
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## Key Findings

1. Audit and compliance related activities take up the most time, followed closely by gathering data for analysis.
2. Similar to the 2020 Study, Accounts Payable and Accounts Receivable are the most manual back office processes.
3. More than half of finance professionals surveyed said a reduction of manual and repetitive tasks would be most beneficial for the finance function.



## Chapter One:

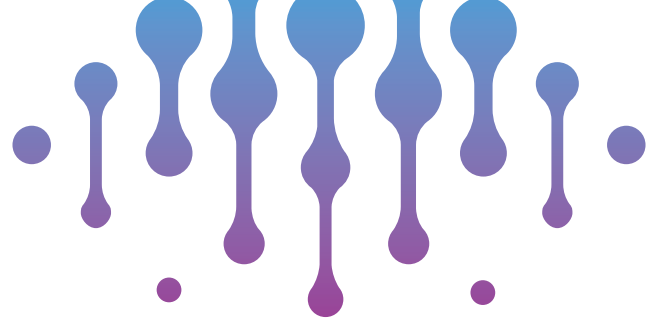
# It's Status Quo in the Finance Back Office



Despite the pandemic accelerating digital transformation across offices and departments, the corporate finance back office has remained essentially unchanged.

It will come as no surprise to finance professionals that the corporate finance back office is slow to adopt automation. Before implementing ERP systems and cloud accounting software, the corporate back office was inundated with paper processes, manual data entry, and hand-built calculations. Consequently, these cloud technologies presented many opportunities for the corporate finance department as spreadsheets were no longer the “be-all-end-all” of the finance team.

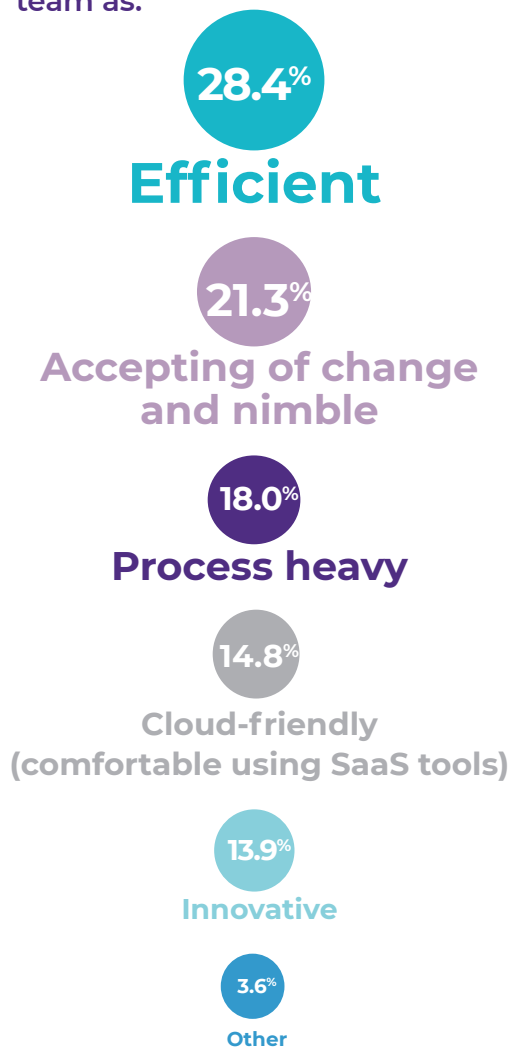
However, many finance professionals still lean heavily on cloud-based ERP systems as the one-stop-shop for all technology needs. The lack of advanced automation technology within ERP systems has created incredible amounts of pent-up demand, where mundane processes are rampant, begging for a technology facelift. While cloud ERP software has been beneficial, modern technology has transformed all aspects of business, and these teams now need to be armed with more than just accounting software and spreadsheets to be successful.



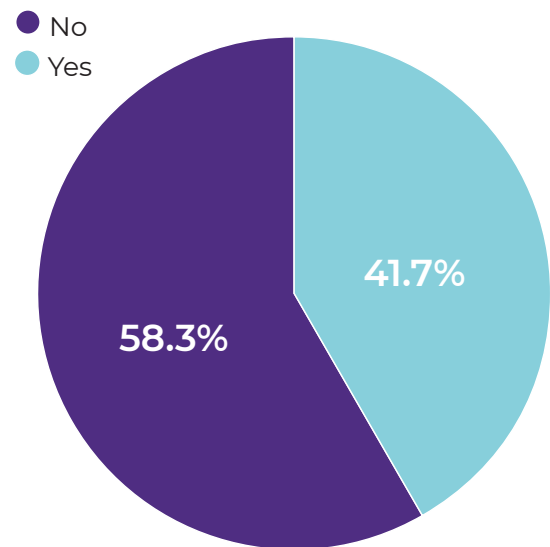
The 2021 Automation in the Back Office report showed that nearly one-fifth of finance teams say they are process-heavy. The various processes that take up a finance professional’s day include data gathering and data entry, communicating with internal and external stakeholders, and analyzing data—even before factoring in meetings, audit and compliance-related activities, monthly close activities, and quarterly or annual reporting. There is an overwhelming number of tasks and processes that could be streamlined across the finance back-office.

## THE FINANCE BACK OFFICE IS RIPE FOR TRANSFORMATION

1. I would describe my finance team as:



2. Do you feel your finance back office is sufficiently automated?



What is promising is that 21.3% of finance teams are both accepting of change and nimble. These are the types of groups ready to embrace the future of the finance back-office and implement technology to streamline the processes that consume their day.

Even more, more than half (58%) of finance professionals say their back office is not sufficiently automated. This stat reveals a significant opportunity to streamline processes across the finance back-office.



*A.I. and automation-enabled ERPs are the catalysts of digital transformation with an enterprise. CFOs should harness the data and processes within the ERP system to redefine the future of work and reshape the finance organization."*



**- Nisha Bhandare,  
Senior Director, Analyst, Research, Gartner**



## A History of Finance and Accounting

As one of the oldest professions known to man, accounting is very prescriptive. It has been decades since the modern financial back office was separated from traditional accounting and bookkeeping. Since then, it has seen several iterations, and each commenced the operational streams that exist in corporate finance today: accounts receivable (AR), accounts payable (AP), collections, financial planning and analysis (FP&A), procurement, and vendor management. Today, all of these departments carry out large-scale and complicated back-office operations.



Chapter Two:

# Repetitive Manual Tasks Rule the Roost

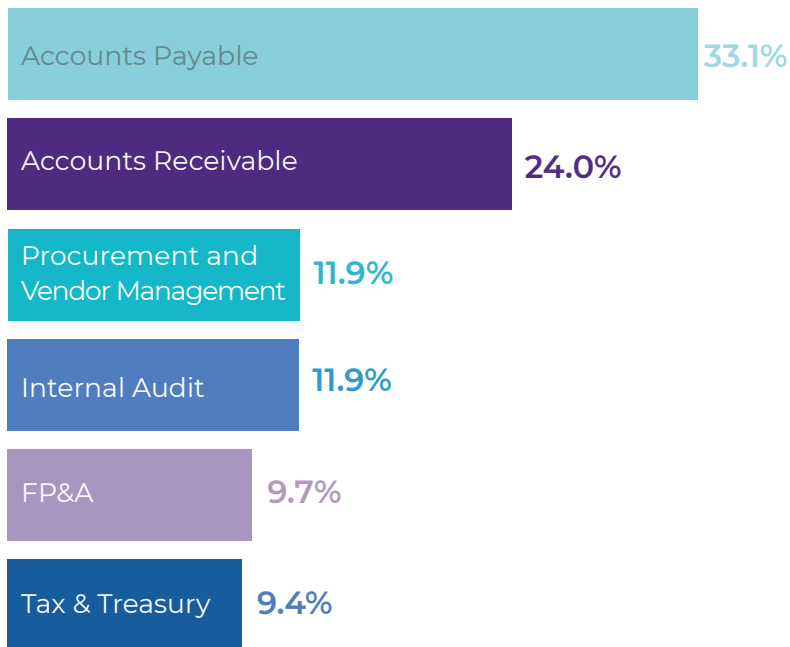


Monotonous, manual tasks are rampant in the corporate finance back office.

Almost one-third of finance professionals say Accounts Payable (AP) involves the most manual work, followed by Accounts Receivable (AR), with 24% percent noting that the cash collections department has the most manual labor. It is well known that record-keeping often translates into hours spent inputting data into systems and updating old records. AP and AR tasks often require a keen eye to notice trends and discrepancies in the data collected. Communication is also a challenge—whether sending a fifth follow-up email to a client with an outstanding bill or creating and sending out receipts for paid transactions. And the consistent back-and-forth eats up hours of valuable time.

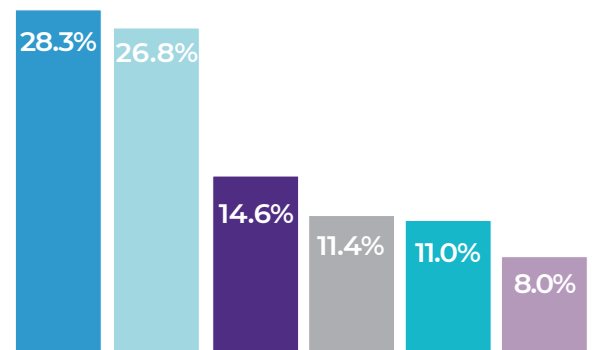
## ACCOUNTS PAYABLE AND ACCOUNTS RECEIVABLE ARE (STILL) THE MOST MANUAL BACK OFFICE PROCESSES

### 3. What function in your finance back office involves the most manual work?



### 4. Which of these benefits would be useful in the finance function?

- Reduction in repetitive tasks
- Reduction in manual tasks
- Accuracy and predictability in forecasting items such as cash balances
- Faster and more accurate management of vendors
- Improvement in AR balances
- Improvement in DSO



### 5. What is the top priority for your finance back office in the next year?

37.7%



Invest in new technologies to improve processes

23.8%



Train team members for new skill sets

17.1%



Improve visibility into business outcomes

12.8%



Improve team morale

7.2%



Maintain the status quo

1.4%



Other



Unsurprisingly, most finance professionals noted that AP and AR involved the most manual tasks in the *2020 Automation in the Back Office Report* last May as well. Coupled with more than half of finance professionals who reported that repetitive work is a significant burden on the organization, it is clear there is still undue stress put on teams given the number of manual, repetitive tasks each day.

How to reduce that stress? Through technology that streamlines processes and allows professionals to focus on higher-level business tasks. More than one-third (37.7%) of finance professionals say investing in new technologies to improve business processes is the top priority for the team in the next year.



*“While the corporate finance back office has been slow to adopt new technologies, Auditoria is the answer for finance leaders looking to innovate and automate back-office processes. We have increased predictability and immensely improved our receivables productivity with Auditoria. We’re now able to complete three to four times the amount of tasks thanks to Auditoria’s autonomous technology and modern, compelling user experience.”*

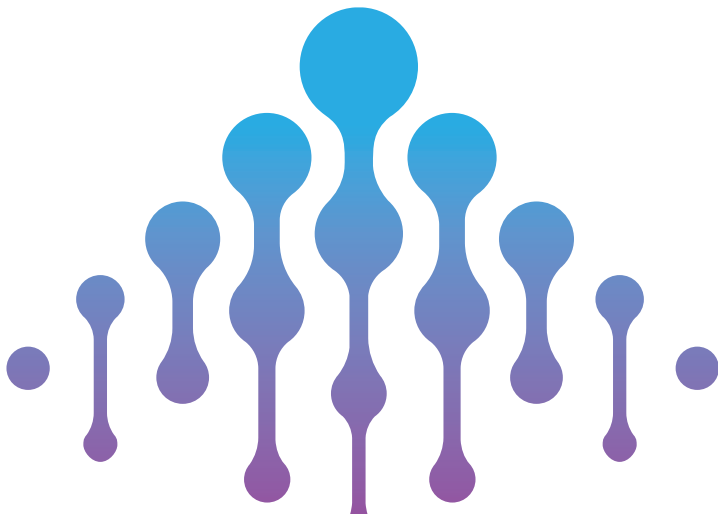
**– Tien Anh Nguyen,  
Chief Business Officer, User Testing**



## The Power of AI in Finance and Accounting

Both Accounts Payable and Receivable spend the majority of the day conducting manual, repetitive tasks. However, these tasks are the perfect type to automate and allow teams to focus on more essential items that move the needle for both the department and the company.

- Automate manual processes
- Analyze large amounts of data
- Free up time for finance teams





## Chapter Three:

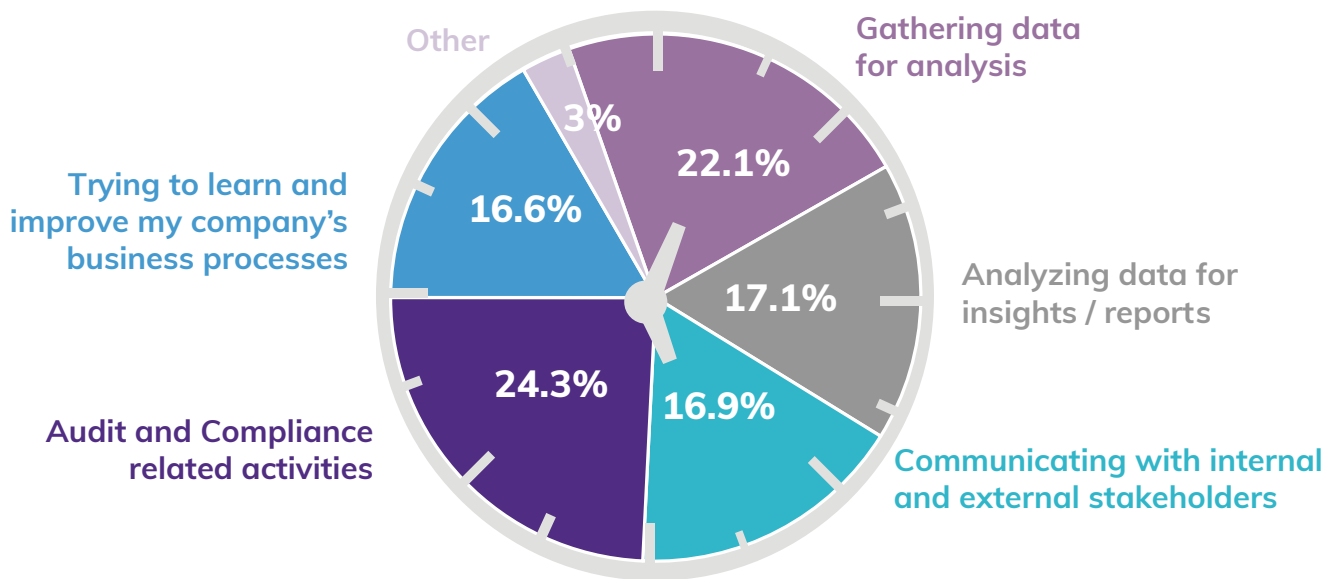
# There's Never Enough Time



There is never enough time in a finance professional's day to focus on the higher-level business objectives that help to move the business forward.

## MANUAL TASKS ARE ROBBING FINANCE TEAMS OF VALUABLE TIME

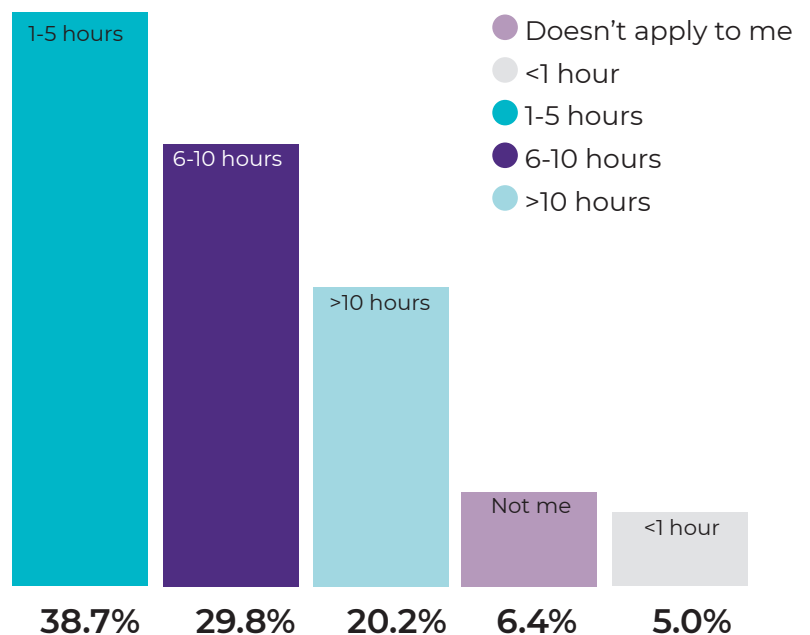
### 6. Which of the following activities takes up most of your team's time?



Any business professional will say that there is never enough time in the day. However, this is never more true than in the corporate finance back office. With many finance professionals using spreadsheets as their primary source of truth, reviewing work conducted by outsourced professionals or junior team members, and answering the deluge of emails they have in their inbox at any given moment, time is a precious limited resource.

## A SIGNIFICANT AMOUNT OF TIME IS WASTED IN DOCUMENTATION REQUESTS

### 7. How much time does your team spend following up, seeking approvals, requesting documentation, and communicating with vendors, customers, and internal stakeholders each week?



The 2021 *Automation in the Back Office Report* shows that almost a quarter (24%) of finance professionals say audit and compliance-related activities take up most of the team's time. Additionally, one-fifth (20%) of finance professionals spend more than 10 hours each week following up, seeking approvals, requesting documentation, and communicating with vendors, customers, and internal stakeholders.

What if you could cut that time in half? Responses to email queries could be automated using artificial intelligence (AI) to fulfill the repetitive requests and questions arriving daily. With finance spending most of the day following up with customers and internal contacts, automation would streamline that process, identifying necessary follow-ups. AI quickly and efficiently determines who needs a follow-up and then automatically reaches out via automated responses. For Accounts Receivable, there is precious time wasted on researching and answering questions about payment status for vendors. An AI bot could automatically check the payment status and provide an auto-generated response to vendors.



“Artificial intelligence is now critical for CFOs and corporate finance teams to automate and streamline back-office processes.”

– Ryan Prindiville,  
Partner, Consulting, Armanino LLP



## Typical Finance and Accounting Misconceptions

**Myth:** Automation will take away people's jobs

**Truth:** It will reallocate time to focus on higher-value finance strategies

**Myth:** New technology is risky

**Truth:** New technology could and would help securely and compliantly

**Myth:** Manual tasks are the bulk of any financial operation

**Truth:** Manual tasks do not need to take up the bulk of the financial operation



## Chapter Four:

# Challenges Across the Finance Back Office

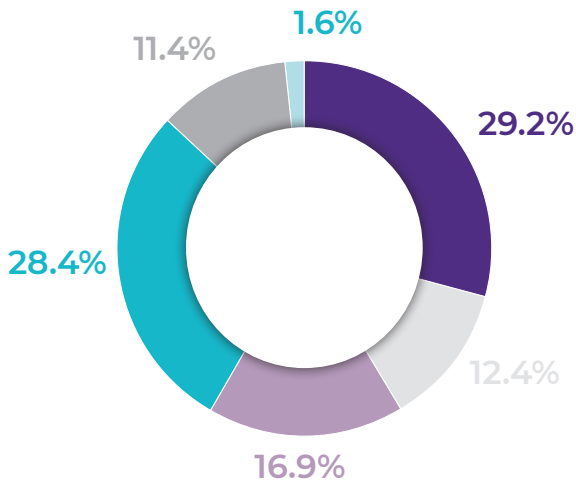


Corporate finance professionals face several challenges across the back office, many of which are solved with technology and automation.

## REPETITIVE TASKS AND LOW-VALUE WORK ARE HOLDING BACK FINANCE TEAMS

### 8. What are the overall challenges across the finance back office?

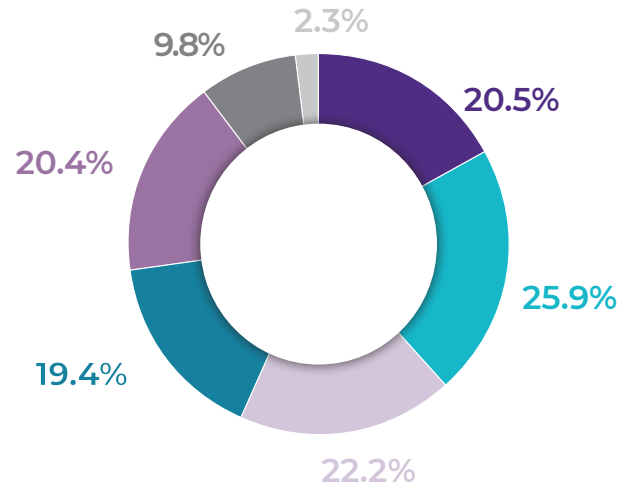
- Time spent on repetitive tasks
- Time spent using tools that no longer work
- Inaccurate or outdated processes
- Time spent checking and updating data
- Lack of resources to invest in technology
- Other



## CONTACTING STAKEHOLDERS FOR INFORMATION IS MESSY AND INEFFICIENT

### 9. What are your primary day-to-day challenges?

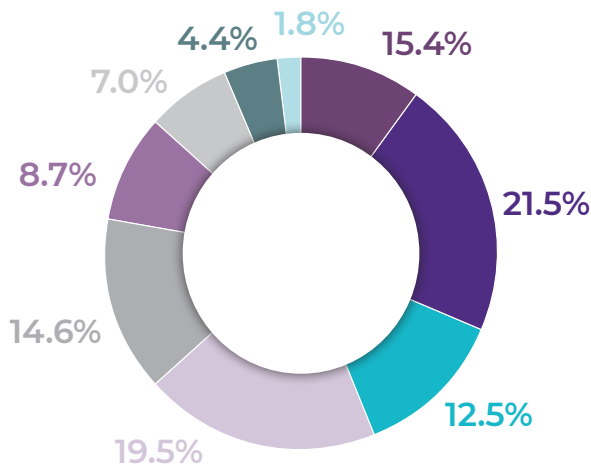
- Inaccurate or partially complete information from vendors and customers
- Lack of responsiveness from internal employees, vendors and customers
- Repetitive follow ups or questions from customers and vendors
- Time wasted on getting approvals to take actions (paying vendors, etc.)
- Difficulty using outdated tools and processes to complete my job
- Getting invoice accruals at the end of the month
- Other



## CHALLENGES ABOUND ACROSS BACK OFFICE FUNCTIONS

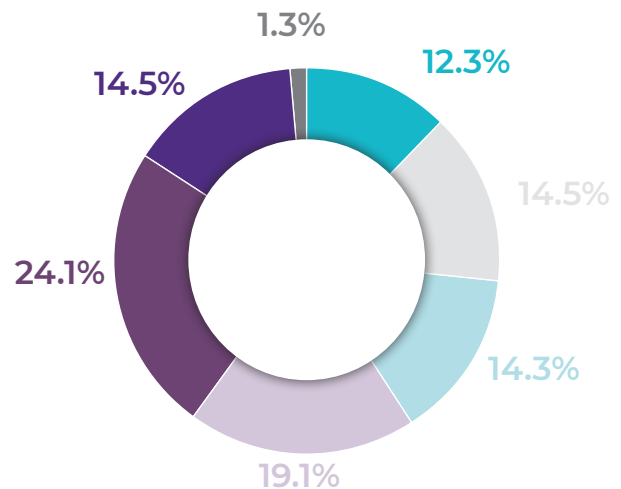
### 10. What are the top challenges in your Collections/Accounts Receivables function?

- Repetitive follow ups with payers
- No analytics on who's going to pay when
- Lack of time or resources to follow up on all tasks and actions
- Insufficient tools to help in Collections
- Growing number of bad debt write-offs
- High AR balances
- Days Sales Outstanding (DSO) metrics are trending poorly
- Other



### 11. What are the top challenges in your Vendor Management function?

- Onboarding vendors
- Updating vendor tax records
- Responding to vendor inquiries (payments, approvals, etc.)
- Accruing and tracking all vendor expenses accurately
- Identifying vendor risks
- Doesn't apply to me
- Other



While a finance team at a large technology company may think the challenges they face daily are unique to their organization, similar challenges are often experienced in the finance departments of other companies at the same stage. The *2021 Automation in the Back Office Report* results show many finance professionals agree that several of the topics presented within the report are particularly challenging for their department—task repetition, customer and vendor communication, and data input.

At a high level, time spent on repetitive tasks is the top challenge for finance professionals (29.2%), followed by time spent checking and updating data (28.4%). Looking more granularly, 25.9% of finance professionals say lack of responsiveness from internal employees, vendors, and customers is their primary day-to-day challenge in the finance back-office. Another major challenge for finance is the number of outdated tools and processes that cause roadblocks to task and job completion, as 19.5% say this is a major day-to-day challenge.

Within functional areas, repetitive follow-ups with payers are the top challenge in the collections/AR function, followed by a lack of time or resources to follow up on all tasks and actions. Additionally, accurately accruing and tracking all vendor expenses is by far the most

challenging aspect of a vendor management professional's day. Many vendor management professionals know it is a complex operation that requires incredible attention to detail and oversight. Even a tiny mistake could derail the process and lead to stalled projects, poor relationships with vendors, and tax and compliance issues.

The data speaks for itself. Marketing, engineering, sales, human resources—departments that once faced similar challenges in processes, communication, or data input—embraced technology to improve and streamline departmental tasks. The time has come for the corporate finance and accounting department to do the same.

“

*Auditoria impresses with its pragmatic application of AI-powered automation to remove the friction and back-office costs too often incurred as finance departments scale.”*

**– David Cushman,  
Research Director, HFS**



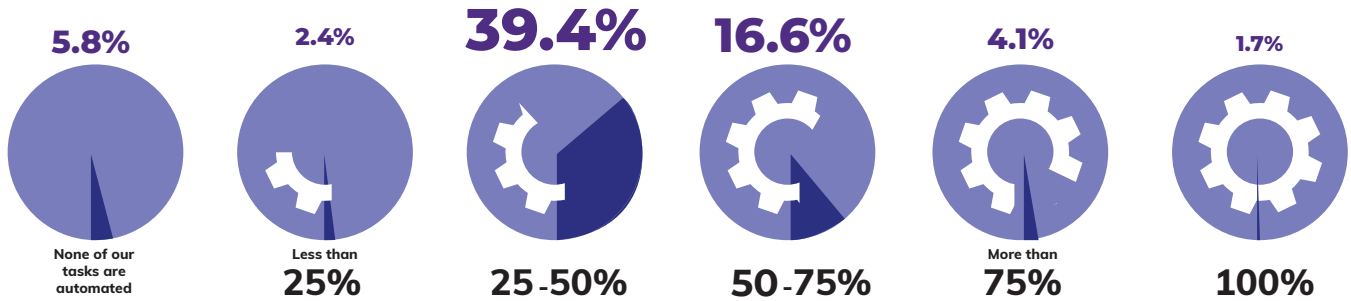
Chapter Five:

# Finance is Ready to Embrace Automation



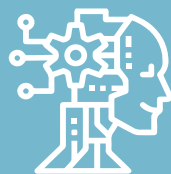
The time has come for corporate finance to embrace automation.

## 12. How many of your team's tasks are automated?



### The Five Levels of the Autonomous Enterprise

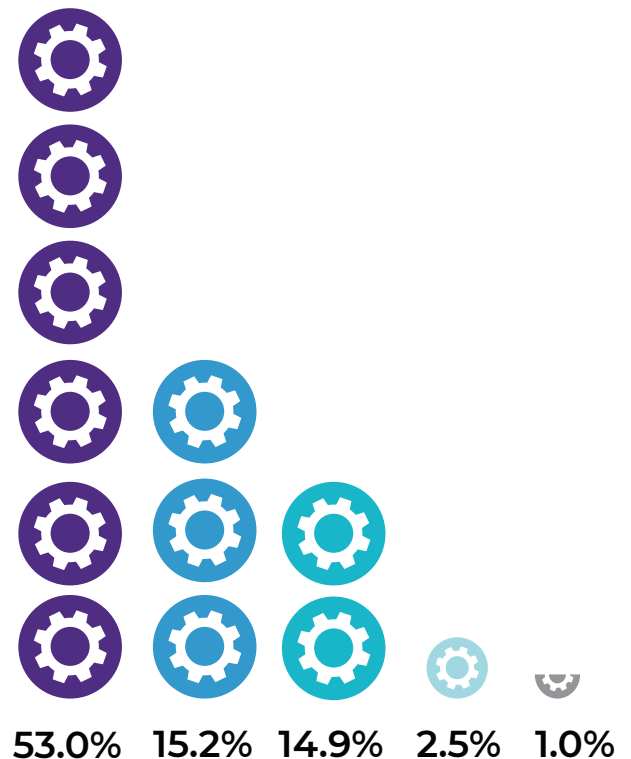
RPA tools have reached their limit in terms of capability as transactional automation requires a significant management overhead. A new class of enterprise apps known as autonomous applications has emerged to deliver intelligent automation, cognitive abilities, and artificial intelligence inside organizations in business functions such as finance, supply chain, customer experience, human resources, and planning. Constellation Research described the following five levels of the Autonomous Enterprise:



- Level 1: Basic Automation
- Level 2: Human Directed
- Level 3: Machine Intervention
- Level 4: Fully Autonomous
- Level 5: Humans Optional

## 13. Which of the following best describes the level of automation in your finance back-office:

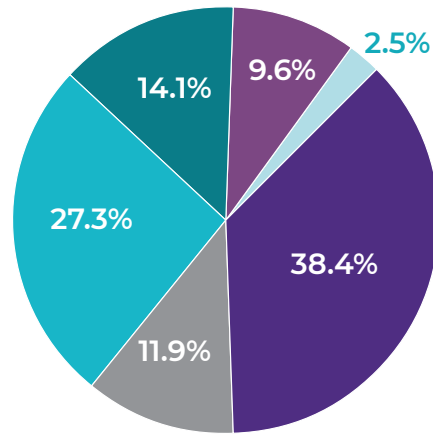
- We have basic levels of automation, where some workflows are automated but I still handle the majority of the work
- We utilize some robotic process automation (RPA), where the bots take care of the work and I oversee it
- We have fairly advanced levels of automation, but I still review the results to make sure it is accurate
- We have advanced automation, where I rely on technology to help me make decisions
- We have a completely autonomous finance back office





## 14. What advanced technologies do you use in the finance function today?

- None of the above
- Robotic Process Automation (RPA)
- Advanced Analytics
- Machine Learning
- Artificial Intelligence (AI)
- Other

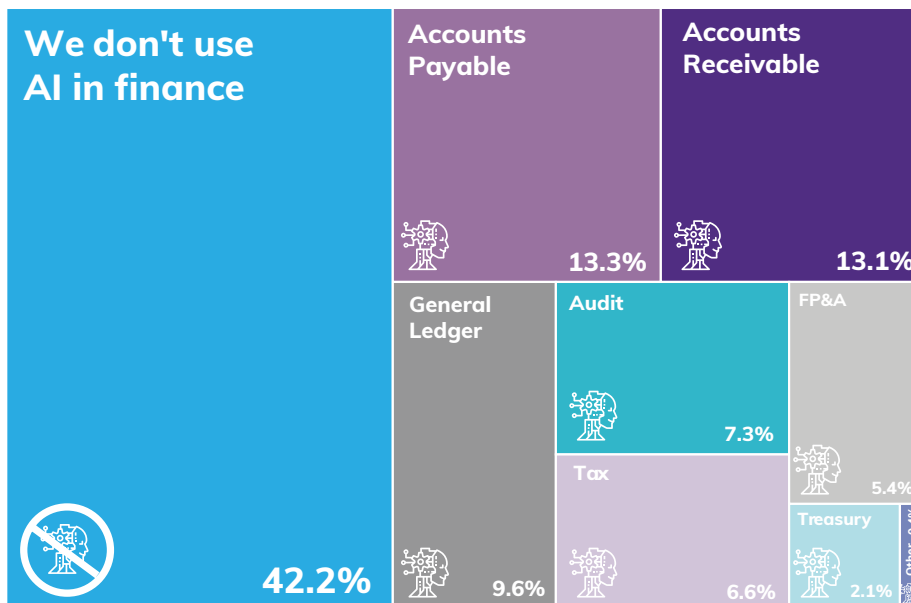


For businesses operating in today's unpredictable business environment, automated technology that was once a "nice to have" has quickly evolved into a "need to have." From CFOs to audit practitioners, finance automation allows all parts of the corporate finance back office to save hundreds of hours, reduce Days Sales Outstanding (DSO) and increase overall productivity.

Constellation Research founder R "Ray" Wang recently penned a piece on the autonomous enterprise, a concept quite relevant for today's corporate finance back-office. Instead of relying on traditional robotic process automation (RPA) alone, global organizations must embrace autonomous applications to deliver intelligent automation, cognitive abilities, and artificial intelligence across the organization. There are ample opportunities for the corporate finance department to embrace automation throughout the five phases. However, many still are in the very early stages of finance automation.

Basic automation is the starting step within the autonomous enterprise, wherein the processes have been standardized as repetitive in nature and labor-intensive. Our report shows that more than half of finance professionals have basic levels of automation but still handle the majority of work in the finance back office. Next up is human-directed, where humans direct and orchestrate the workflow to automate tasks that multiple individuals typically perform in organizations. While functions are automated, decision-making in the automated flow will still be performed by humans. Many corporate finance functions that adopt RPA are within the human-directed level of the autonomous enterprise but have ample opportunities to increase the automation output.

## 15. Which areas of finance do you use artificial intelligence (AI) today?



However, results show that 42.2% of finance professionals still do not use advanced technologies in the finance back-office. These teams will be the slowest in the adoption race, but others who have started to incorporate technology will be the early adopters. When thinking about embracing automation through the lens of the five stages, CFOs should consider purpose-built technology that inherently understands finance terms and processes to meet and exceed expectations.



Although just under half of finance professionals do not use AI in finance yet, many should begin to embrace it more quickly. CFOs and finance executives will need to act now and “invest with intent” to radically transform corporate finance processes, systems, and technologies. In short, without implementing next-generation technology, financial professionals will be unable to take on the elevated role that is demanded of them.



*“Finance operations automation is the future for corporate finance. We envision a day when every global finance team is using Auditoria to streamline and automate back-office operations.”*

**– Brian Ascher,  
Partner at Venrock**



## How to Get Started With Automation



Auditoria.AI CEO Rohit Gupta notes the following initial steps for CFOs to start to incorporate automation in the back office:

- 1. Develop upskilling strategies.** Automation opens up new opportunities for finance and accounting professionals to contribute to business strategy rather than simply performing data input.
- 2. Conduct audits of back-office processes.** CFOs and finance leads must understand the day-to-day activities throughout the back office to understand what could and should, be automated.
- 3. Capitalize on the opportunity.** Automation in the corporate back office translates to dollar figures. A reduction in Days Sales Outstanding (DSO) translates into additional free cash flow, allowing the business to reinvest that money into new business opportunities.

# Conclusion

The opportunities for intelligent, autonomous finance only continue to evolve. Now it is up to the CFOs and finance executives that envision a future-ready, autonomous enterprise to embrace it. Corporate finance will play a more strategic part in forging contextual, insights-driven relationships between cross-functional groups. While once thought to be the systems laggards within organizations, now is the time for corporate finance to become the autonomous enterprise's early adopters.

Auditoria helps modern finance teams accelerate finance transformation by dramatically improving cash flow performance. Built with cutting-edge AI, Machine Learning, Cognitive RPA, NLP, and Computer Vision, Auditoria streamlines and automates collections, adds controls to procurement spend, and optimizes cash performance. Finance teams recover thousands of lost hours in repetitive manual accounting tasks, follow-ups, error checking, and data entry. With Auditoria, the promise of an intelligent, autonomous finance back office is now, finally, a reality.



## About Auditoria.AI

Auditoria.AI is a ground-breaking SaaS solution that addresses the most pressing challenges of the finance back-office. By leveraging NLP, AI, and machine learning, the platform removes friction and repetition from mundane tasks while also automating complex functions, such as accounts receivables, collections, invoice accruals, and predictive analytical forecasting.

The software delivers AI-driven workflows and decision support across massive volumes of enterprise data, augmenting finance teams with intelligent automation to execute business processes, deliver rapid insights, and respond to customer needs.

- Contact us: <https://www.auditoria.ai/contact-us/>
- Book a demo: <https://info.auditoria.ai/request-a-demo>



# AUDITORIA

### Report Overview

Auditoria conducted an online survey of 622 US-based finance professionals in spring 2021 between the ages of 30-60+. Titles included Chief Financial Officer/Chief Accounting Officer, Controller, VP/Director/Manager in Finance or Accounting, Finance Specialist/Professional (Accounts Payable, Receivable, Collections, Treasury, Tax, Audit, etc.) or IT/Finance Support.