



AUDITORIA

Auditoria SmartFlow Skills

# Building the Business Case for AI-Driven Finance Automation



# Introduction

Intelligent Automation enables businesses to automate a far-ranging set of workforce processes quickly, accurately, and efficiently.

Intelligent Automation encompasses a set of techniques that span from augmenting humans in correspondence automation, automating repetitive tasks and processes, and delivering predictive insights that can elevate critical performance indicators and accelerate decision making.

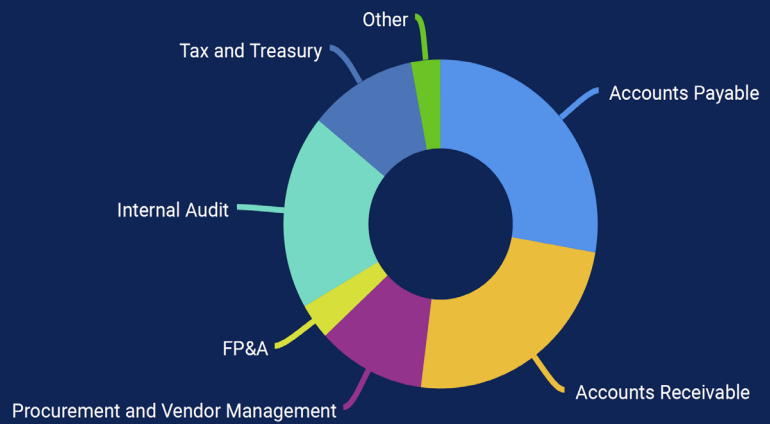
The benefits that companies gain from Intelligent Automation include dramatic improvements in efficiency and delivery speed while reducing errors, eliminating repetitive task drudgery and freeing up staff for higher-value work, streamlining costs, reducing financial and operational risk, and delivering higher quality services, predictably.

# Industry Perspective

In early 2020, Auditoria surveyed several hundred finance professionals to complete a simple twelve-question survey.

The results highlight the top issues facing modern finance and accounting teams—including global disruption and business continuity in the face of a pandemic—and how they use automation to address these challenges.

**Accounts Payable and Accounts Receivable are the most manual back office processes.**



What function in your finance back-office involves the most manual work?

**45%**

Report that repetitive work is a significant burden on the organization.



Is your company equipped to reduce repetitive, manual work?

**Nearly half of practitioners feel repetitive work is a massive drain on the organization.**

Only 1 in 7 respondents find their ERP is sufficient to meet their automation needs.

Automating more than 60% of functions.



Low automation with ERP

High automation with ERP

What percentage of your finance back office is automated?

Internal process issues account for 38% of AP challenges. Vendor issues are a problem for 36%.

73% of AR teams point to repetitive follow-ups and lack of responsiveness as key challenges.



What is your biggest challenge in Accounts Payable?



What is your biggest challenge in Accounts Receivable?

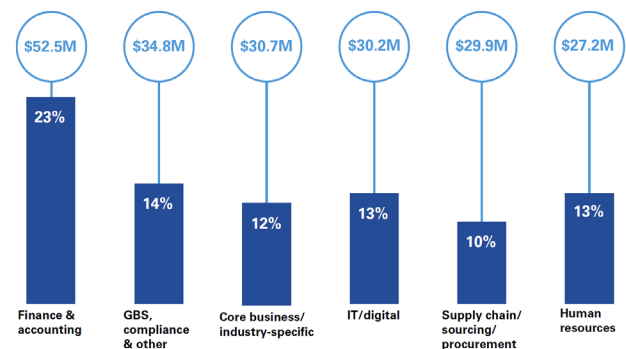
## Investments in Intelligent Automation

Finance and accounting have proven to be a top priority for many automation initiatives.

A recent KPMG study found that companies, on average, spend less than US\$10 million on back-office automation.

The highest levels were for finance and accounting, with 23 percent of respondents investing more than US\$50 million.

Grant Thornton's 2020 CFO Survey results showcased that Accounts Payable, Budgeting & Forecasting, and FP&A were among the functions on their way to implementing Intelligent Automation technologies.



● US\$50M+

What level of intelligent automation-related investment does your function have today?

Source: HFS Research in conjunction with KPMG International, State of intelligent automation, 2019  
Sample = 590 business leaders including 100 C-level executives

# The Business Case for Automation

## Hours Spent on Back Office Tasks

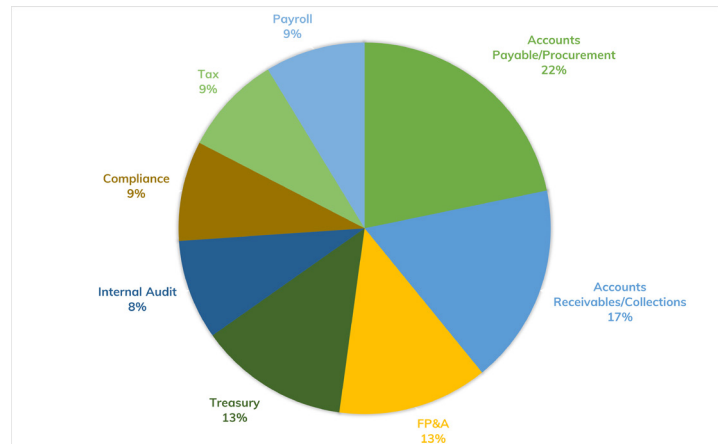
In midsize to large organizations (greater than \$100M in annual revenue), the typical breakdown of finance roles looks something like the pie chart on the right.

Payable and Procurement teams make up the largest group (22%), followed by Receivable and Collections teams (17%).

Along with FP&A, these groups comprise more than half of an accounting and finance organization.

The other half of finance personnel are focused on Treasury, Audit, Compliance, Tax, and Payroll.

Breakdown of Roles in Accounting and Finance



## The Cost of Manual Work

For midsize companies, the hours spent on manual tasks quickly adds up. Routine, labor-intensive functions consume more than 7,000 hours in a typical year, simply to keep the business running.

Function	Total Headcount	Hours in Manual Work (Annualized)	Approximate Hourly Burdened Costs	Total Costs of Manual Work
Accounts Payable/Procurement	5	2,558	\$55	\$ 140,690
Accounts Receivables/Collections	4	2,288	\$50	\$ 114,400
FP&A	3	1,236	\$70	\$ 86,520
Treasury	3	170	\$70	\$ 11,900
Internal Audit	2	483	\$65	\$ 31,395
Compliance	2	370	\$65	\$ 24,050
Tax	2	79	\$60	\$ 4,740
Payroll	2	62	\$40	\$ 2,480
<b>Total</b>	<b>23</b>	<b>7,246</b>		<b>\$ 416,175</b>

Within larger enterprises, the breakdown across roles is similar, but these companies' scale amplifies the problem of time spent on non-value-add tasks. For example, in an accounting and finance team of 161 people, more than 50,000 hours are spent doing manual work, costing the company nearly \$3M each year.

Function	Total Headcount	Hours in Manual Work (Annualized)	Approximate Hourly Burdened Costs	Total Costs of Manual Work
Accounts Payable/Procurement	35	17,906	\$55	\$984,830
Accounts Receivables/Collections	28	16,016	\$50	\$800,800
FP&A	21	8,652	\$70	\$605,640
Treasury	21	1,190	\$70	\$83,300
Internal Audit	14	3,381	\$65	\$219,765
Compliance	14	2,590	\$65	\$168,350
Tax	14	553	\$60	\$33,180
Payroll	14	434	\$40	\$17,360
<b>Total</b>	<b>161</b>	<b>50,722</b>		<b>\$2,913,225</b>

## The ROI of Automating Collections

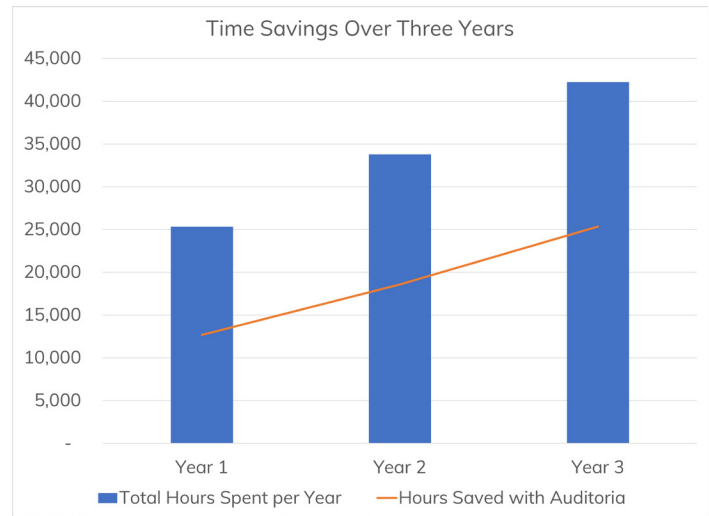
Accounts Receivable teams benefit from Auditoria's AI-driven Intelligent Automation to enhance and optimize the standard Collections process.

Beginning with Predictive Remittance Forecasting, Auditoria's cutting-edge algorithms predict which customers are likely to be late in making payments, and how late invoices are likely to be.

This insight drives dynamic worklist prioritization for AR Collections specialists, using internal and external signals to determine a surgical approach to outreach.

For a firm employing 15 collectors who work 32.5 hours per week on following up with customers for payment, Auditoria can cut their workload in half, thereby saving more than 12,000 hours per year.

To put it into perspective, that's 1,584 days recovered each year.



Metric	Year 1	Year 2	Year 3
Hours Spent per Week per Employee	32.5	32.5	32.5
Hours Spent per Year per Employee	1,690	1,690	1,690
Employees Working on collections	15	20	25
Total Hours Spent per Year	25,350	33,800	42,250
Estimated Time Reduction with Auditoria	50%	55%	60%
<b>Hours Recovered with Auditoria</b>	<b>12,675</b>	<b>18,590</b>	<b>25,350</b>

Assuming a modest growth rate and adding five additional collectors in years two and three, combined with slight productivity gains, the time recovered with Auditoria doubles to 25,350 hours (3,168 days).

## Improving Productivity with Intelligent Automation

On the Accounts Payable and Procurement side of the house, accounting teams are continually bombarded with suppliers' payment status requests.

Onboarding new vendors, updating billing addresses, obtaining tax forms, and other vendor management tasks consume additional time each year, further burdening AP teams that are already stretched thin.

For example, in a fifty-person AP/Procurement team, more than 25,000 hours each year are spent on manual tasks, ultimately costing the company more than \$1.4M.

With Auditoria's response automation, routine status requests are reduced by 70%-75% while maintaining an exceptional experience for your company's suppliers.

Metric	Year 1
Total Headcount	50
Hours in Manual Work (Annualized)	25,580
Approximate Hourly Burdened Costs	\$55.00
Total Costs of Manual Work	\$1,406,900
Estimated Time Reduction with Auditoria	75%
<b>Hours Recovered with Auditoria</b>	<b>19,185</b>

Highly skilled accounting personnel can spend time on value-add projects to foster growth and improve company performance.

# Improving Days Sales Outstanding

It's a well-worn adage that cash is the lifeblood of any company. Managing the number of days sales outstanding (DSO) can significantly impact a company's growth trajectory.

Venture funded firms can delay their next round of funding by freeing up cash owed by customers. Public companies can improve their outlook with investors and boost the stock price through effective cash management. And larger private companies can reinvest in infrastructure and position for continued growth.

## Midsize Company DSO Example

Metric	Before Auditoria	With Auditoria	Percent Change
Total Sales Revenue	\$10M	\$10M	
Receivable Balance	\$12M	\$10M	-17%
Days in Period	30	30	
<b>DSO</b>	<b>36</b>	<b>30</b>	<b>-17%</b>

According to CFO.com, the median DSO for companies is 36 days. Best-in-class firms have a DSO of 30 days. With a modest 17% improvement in outstanding receivable balances, an average-performing midsize company suddenly enters the top tier and has additional cash to invest in growth.

For larger enterprises, DSO can frequently exceed 60 days. In a firm with \$100M in sales invoices per month, an 11% improvement in the outstanding collections balance results in DSO of 55 days, freeing up \$23M in cash!

## Large Company DSO Example

Metric	Before Auditoria	With Auditoria	Percent Change
Total Sales Revenue	\$100M	\$100M	
Receivable Balance	\$206.7M	\$183.3M	-11%
Days in Period	30	30	
<b>DSO</b>	<b>62</b>	<b>55</b>	<b>-11%</b>

# Reducing Financial and Operational Risk

Every enterprise, large or small, is looking to minimize risk in their operational and financial processes as they grow their business. CFOs must contend with a growing number of challenges, including assessing and mitigating such financial risk.

Using manual processes, such as going through emails, spreadsheets, and paperwork is ineffective. Additionally, as an example, The Journal of Accountancy found that 87 percent of financial professionals work overtime and additional hours during the financial close process or their annual audit projects, demonstrating how inefficient current procedures are.

Although many companies have begun to embrace digital transformation, in many cases, this has not yet reached finance departments, which remain reliant on disparate legacy processes.

Intelligent Automation can minimize the need for manual transactions in the back office, thereby reducing manual errors.

Intelligent Automation can also reduce the number of people involved in transactional activities such as evidentiary data gathering while increasing transparency and overall visibility. Lastly, as more comprehensive compliance laws place greater strain on companies, leveraging technology in the finance back office will make it easier for businesses to meet their obligations.

Intelligent Automation enables companies to create a full audit trail while granting internal and external auditors knowledge of workflow, priorities, and emerging risks, thereby accelerating the company's ability to effectively manage risk, monitor their controls, and support their compliance obligations.

# The Human Side of Automation

It's easy to get caught up focusing on the commercial rationale for Intelligent Automation, as well as the technology and the processes.

However, the success of Intelligent Automation depends in large part on the willingness of operational staff to embrace automation and recognize the benefits it can deliver, not just to the business but to them as individuals.

The business case should present a comprehensive plan to ensure that the introduction of automation is communicated to stakeholders across the business and rolled out in the most practical way.

Organizations have different drivers for implementing Intelligent Automation, but cutting jobs is rarely a significant objective.

Intelligent Bots can release employees from the more tedious aspects of day to day activity, the repetitive and mundane tasks, and enable them to focus on the value-added work.

The business case should also ensure that the right skills and understanding of automation are fostered across the organization.

That means ensuring people within each department have the right level of knowledge to build a pipeline of processes to feed into the business case evaluation.

# Conclusion

Intelligent Automation opens the door to an incredible array of potential benefits, from hard ROI to soft improvements in increased serviceability, risk reduction, improved stakeholder satisfaction, and achieving compliance objectives.

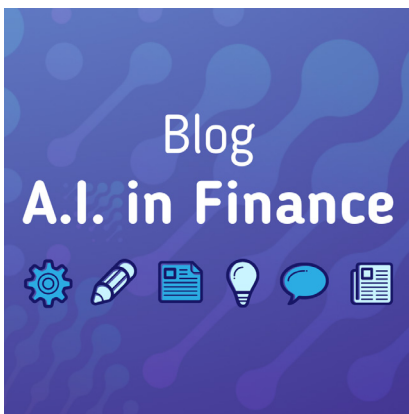
The key for any business in realizing these benefits is to build confidence from the outset and then look to generate momentum by embracing a comprehensive Intelligent Automation road map across the organization.

By creating a robust and reliable business case for Intelligent Automation, organizations will set themselves up to enjoy a sustainable and successful journey into automation.

# Contact Us

[Contact us](#) today to learn how you can transform your corporate finance function using Intelligent Automation.

Visit [www.Auditoria.AI](http://www.Auditoria.AI) for a [demo](#) or to [test drive](#) the Auditoria SmartFlow Skills platform.



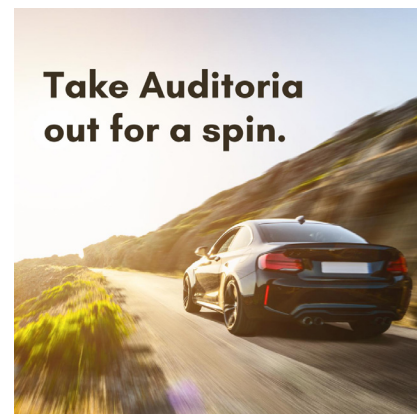
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## About Auditoria

Auditoria is an AI-driven SaaS automation company for corporate finance that automates back-office business processes involving tasks, analytics, and responses in Vendor Management, Accounts Receivables, Planning and Audit. By leveraging natural language processing, artificial intelligence, and machine learning, Auditoria's platform removes friction and repetition from mundane tasks while also automating complex functions, such as predictive analytical forecasting. Corporate finance and accounting teams use Auditoria to accelerate business value while minimizing heavy IT involvement, improving business resilience, lowering attrition, and accelerating business insights. Give your finance teams superpowers at [Auditoria.AI](http://Auditoria.AI).

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