Multinational Study: The Automation Transformation

The Imperative to Drive Operational Efficiency in Finance and Credit

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1 Introduction

Finance leaders today have untapped potential to unlock greater levels of value within their teams through automation. For finance leaders in particular, automation must go beyond a "good idea" and become a strategic methodology to ignite the true potential of human, data, and machine in finance.

Reliable data is foundational to successful automation efforts in finance and credit. Today's modern business environment has created a torrent of data—and most aren't managing it well. In its recently released 2019 Past, Present & Future of Data Report, Dun & Bradstreet found that as a result of shortcomings in data management, nearly one in five (19%) businesses have lost a customer by using incomplete or inaccurate information about them. One in five businesses also say their financial forecasts have been inaccurate as a result of poor data management.

Technology is key, but behind many failed automation efforts lurks the problem of inaccurate, incomplete, or unreliable data. The truth is that none of the primary or ancillary benefits of automation—cost savings, higher levels of strategic value, scalable processes, greater efficiency, effective risk management—can be realized without a foundation of reliable data at the heart. This is where many businesses find themselves stuck creating more efficient results from an inaccurate foundation, leading to errors, unhappy customers, and lost opportunities.

In partnership with the Credit Research Foundation in the United States and the Chartered Institute of Credit Management in the United Kingdom, Dun & Bradstreet conducted an informal study of 250 finance and credit leaders in the U.S. and U.K. to understand how finance leaders are embracing automation today, and what barriers and challenges stand in their way. We see within the study that 83% of respondents are automating at least one of their processes, but many struggle to follow the full potential of automation within their organizations. We also see that reliable data is their #1 success factor to implementing automation strategies.

The next several years will be a turning point for finance and credit teams as they strive to merge new technologies and infrastructures with effective data management strategies to unlock the potential of their businesses, and their teams. The possibilities for true business transformation through automation is certainly paved with complexity, but ripe with opportunity. The time to embrace the opportunity is now.

Andrew Hausman
General Manager, Finance Solutions
Dun & Bradstreet

2 The Automation Transformation Today:
What Finance and Credit Teams are Automating

The simple truth is that automation is the key to staying ahead of the competition in today's fast-paced, complex business climate. For finance teams in particular, an opportunity to drive strategy and profitable growth within their organizations mandates the use of automation to increase the speed and accuracy of manual processes.

Dun & Bradstreet conducted an informal survey of finance and credit leaders to discover how they're using automation today, and what their biggest challenges and opportunities are.

83%

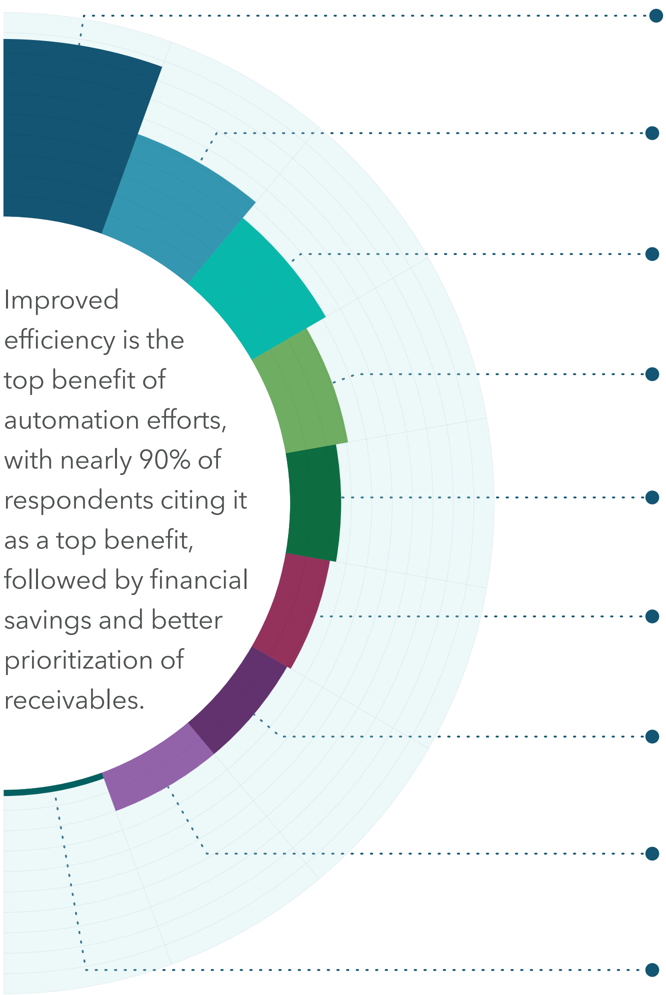
We found that most respondents are automating at least one of their processes today.

60%

Most finance and credit teams who responded to the survey aren't fully realizing the value of automation, having automated less than 25% of their processes.

The survey reveals important insights into what these finance and credit decision-makers see as the benefits of and barriers to automation and the forces driving them away from time-consuming, manual processes.

Q: What top three benefits do you believe automation will bring to your company in the next three years?



Improved efficiency is the top benefit of automation efforts, with nearly 90% of respondents citing it as a top benefit, followed by financial savings and better prioritization of receivables.

87%
Improved efficiency

52%
Financial savings

42%
Better prioritization of receivables

31%
Improved cross-departmental collaboration

25%
Improved ability to speed up sales

22%
Improved ability to identify growth opportunities

20%
Standardized data across silos

20%
Reallocation of talent

3%
Other

3 The Challenge to Automate:
The Current State of the Automation Transformation

Automation has the potential to create far-reaching benefits for individuals, teams, companies, and even customers. Modern corporations are looking to their finance and credit teams to make sense of their wealth of data and drive growth and innovation.

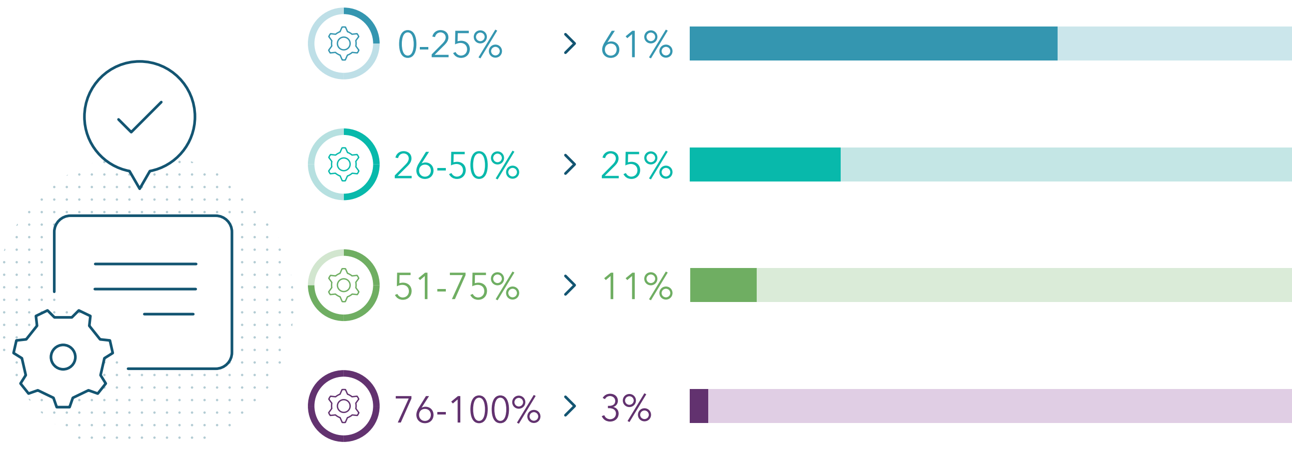
The Dun & Bradstreet study found where respondents stand today with automation as well as the obstacles they face.

83% of finance leaders who responded to the survey say they have automated at least one of their processes.

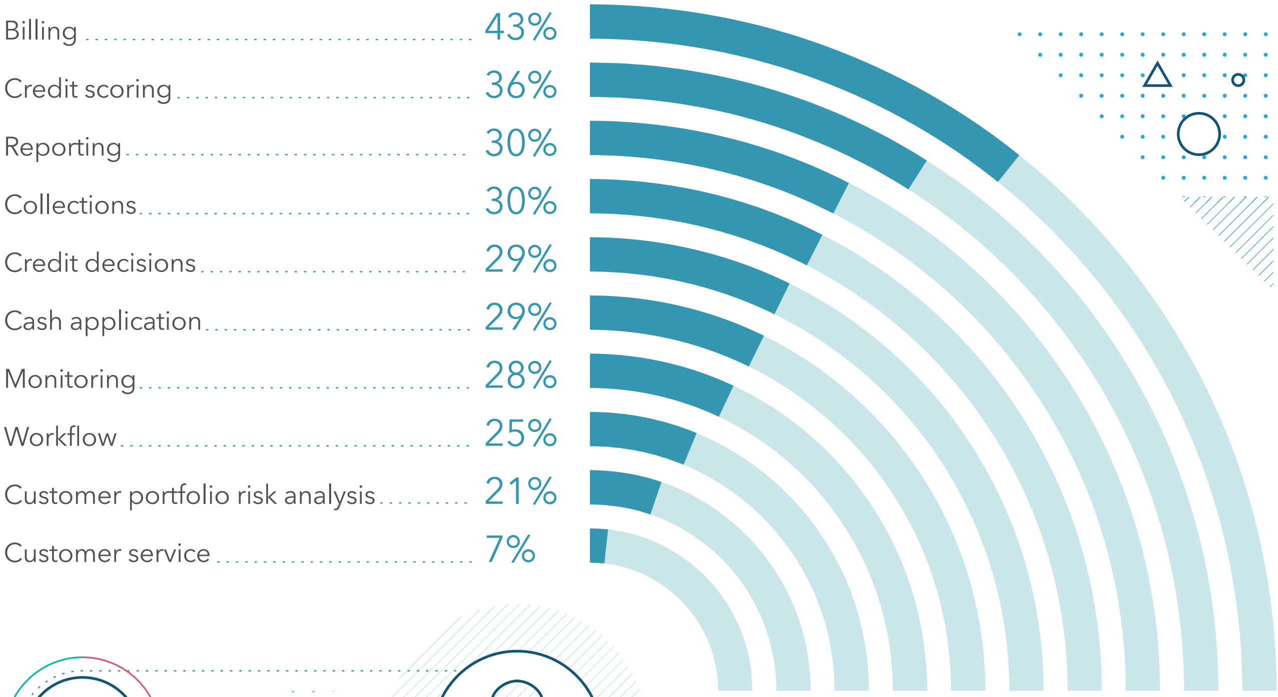
But a huge opportunity remains.

Less than one in five respondents have automated more than half of their processes.

Q: What percentage of your overall finance & credit processes are automated today?



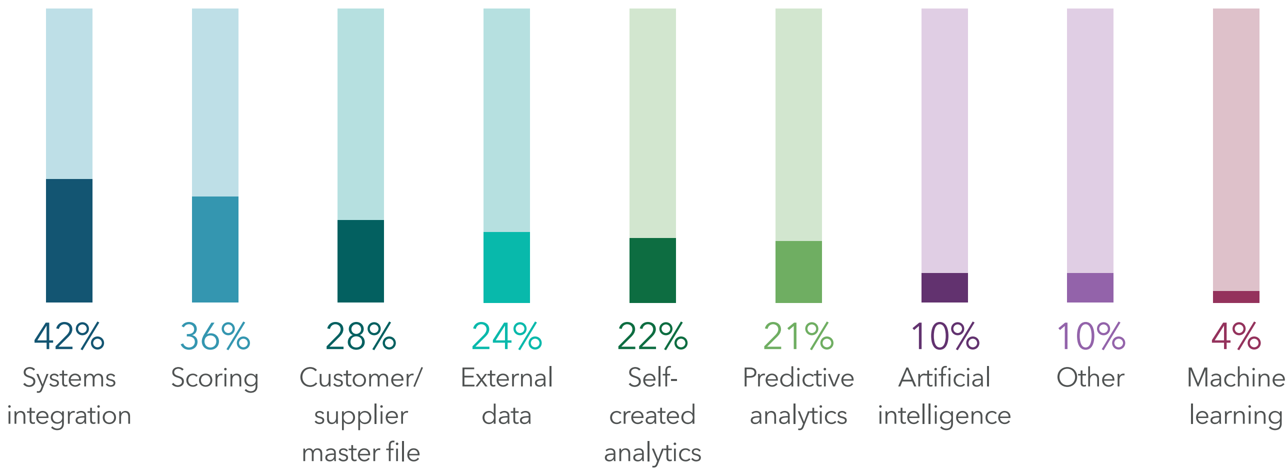
Q: What processes are being automated today within your team? Please select all that apply.



17% stated that their company is not focused on automation at this time.

Respondents have put much emphasis on automating processes such as billing and credit scoring, but nearly a fifth say they are not presently focusing on automation. Not all processes are easily automated. For finance teams, automating functions such as billing, credit scoring, reporting, and collections are somewhat easier to implement and measure than the holistic quote-to-cash process, for example.

Q: Which of the following are part of your automated workflow today? Please select all that apply.



Systems integration is essential to automating successfully. Since processes are multifaceted, the capability to integrate tools, systems, and technologies is key to success. Respondents reported that systems integration is the top component included in automatic workflows.

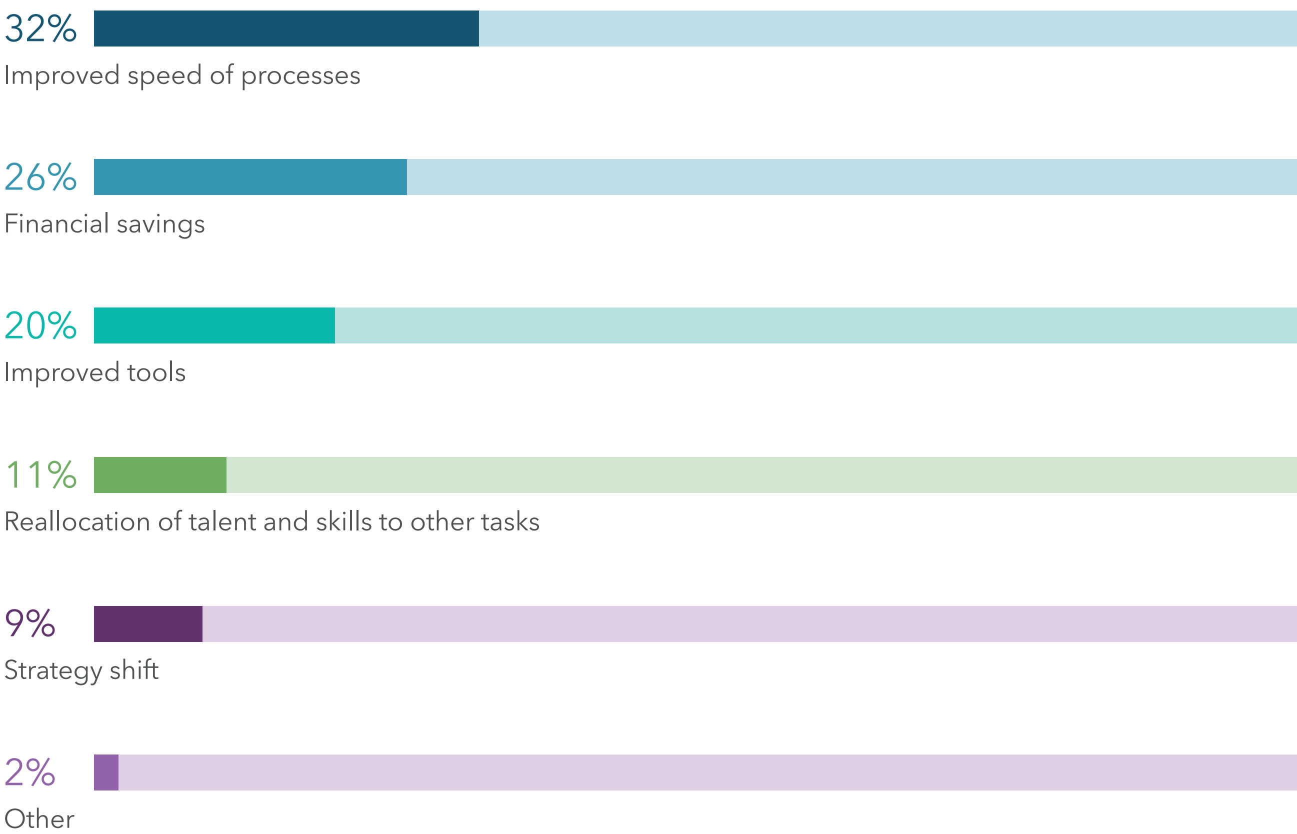
Q: Which of these is the #1 priority driving the need to automate?

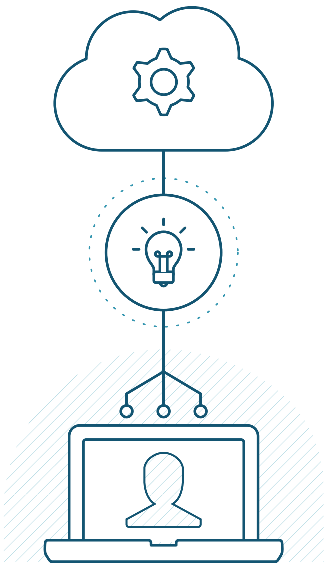
Scaling finance and credit team processes is the most common reason companies are automating, but the study found a wide range of motivations, including the ability to connect data for better insight, the ability to standardize data across silos, and accelerating revenue.

4 The Obstacles to Automate:
Overcoming Barriers

Respondents to Dun & Bradstreet's survey noted several forces driving their need to automate.

Q: What forces are driving the need to automate within your company? Please select all that apply.

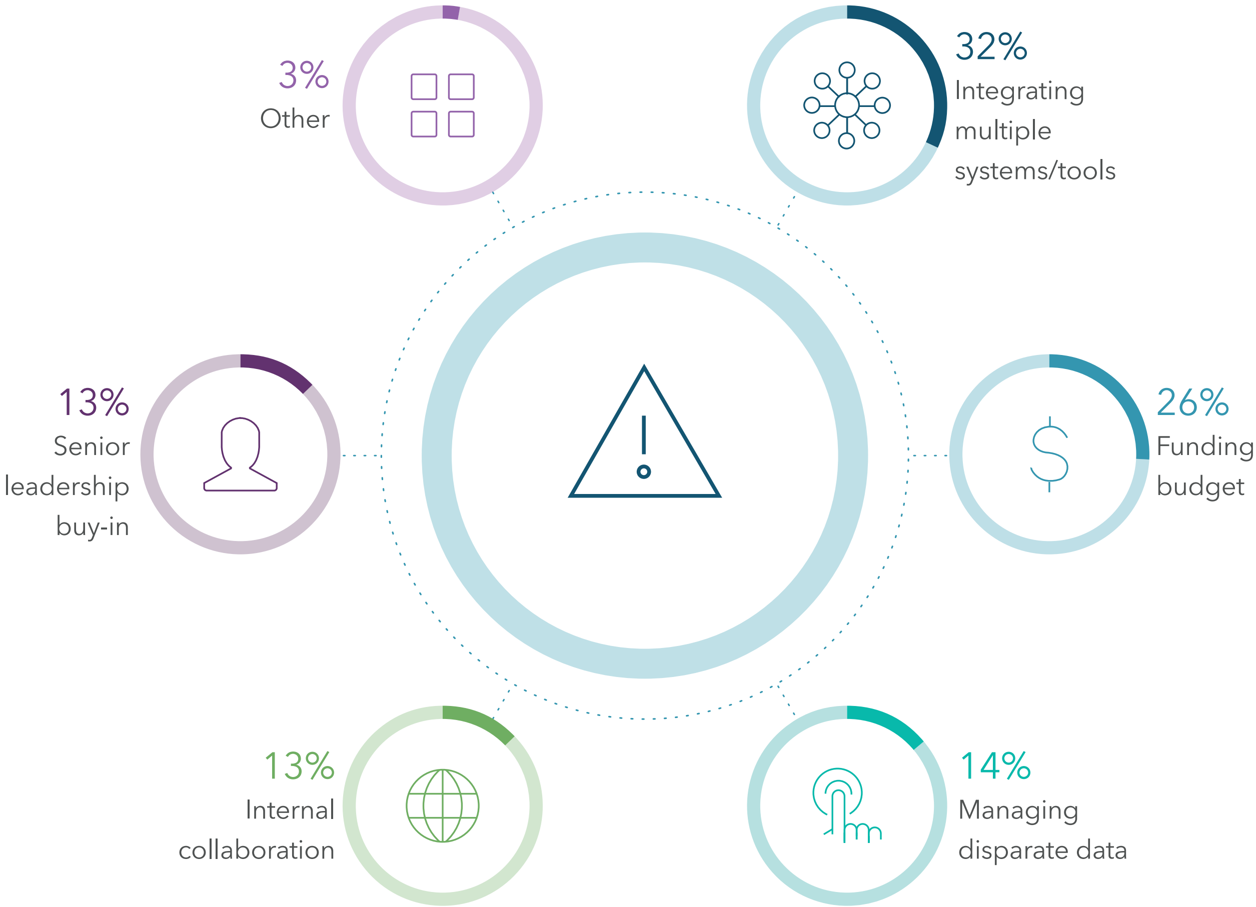




While automation represents the future for finance and credit teams, they face many obstacles. Even though integrating multiple systems or tools was listed by respondents as a top need to automate successfully, it's also a barrier when it isn't easily available. Funding and budget was listed as the second barrier to automation efforts. Another barrier to automation can be the data itself. If inaccurate or incomplete data is used, it can threaten the health of the business.

Automation efforts can be costly from a resource and time perspective, and difficult from a data management perspective. Many organizations get stuck focusing on low-risk, low-reward efforts, or on high-risk, high-reward automation efforts. The key to successful automation is identifying and prioritizing the highest-impact, low-risk and high-reward efforts first.

Q: Which of the following are the biggest barriers to automation? Please select all that apply.



87%: CFOs who say they need a more agile way to analyze financial and performance data to meet growth targets[1]

5 The Imperative to Automate:
Standing Still Is Going Back

Reliable data is at the core of successful automation. When fueled by analytics and insight, automation can reduce operational costs, increase efficiency, and help open new avenues of growth for finance teams by scaling and pulling in data from multiple sources at once.

Access to reliable data and analytics has never been more important in driving sustainable growth. Organizations driven by data and insights are 39% more likely to report year-over-year revenue growth of 15% or more.[2]

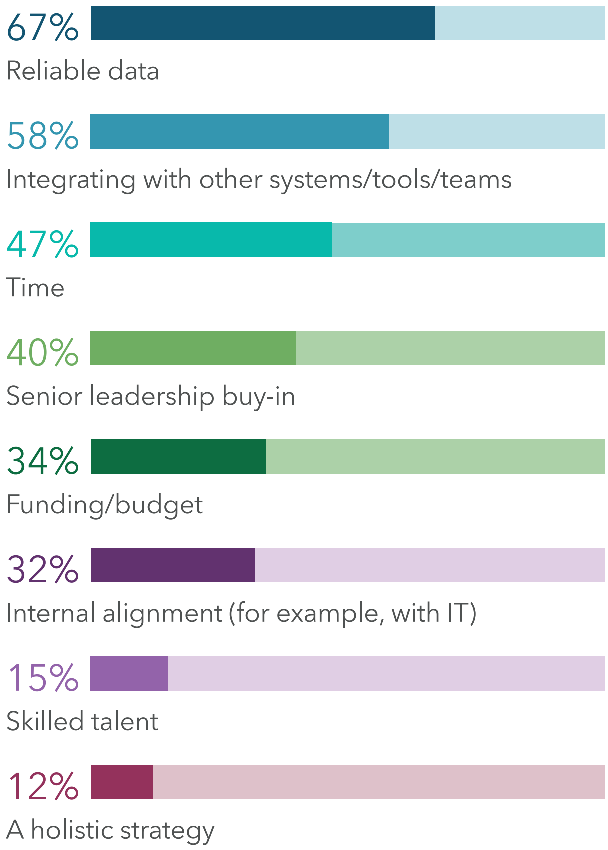
Armed with the right information, companies have greater assurance that resources and investments are being directed toward the highest-value opportunities. While it can be challenging to leverage data efficiently to drive profitable growth, companies with advanced data strategies are twice as likely to report more than 30% revenue growth.[3]

Those advanced data strategies go hand in hand with tools such as blockchain, artificial intelligence, machine learning, and automation. This requires an investment of time, money, and resources.

Although many finance teams are beginning to leverage advanced technology, a 2018 Dun & Bradstreet global study found that less than 20 percent of finance leaders are using these modern tools.[4]

The standard to-do list of the finance department is shifting dramatically as automation continues to sweep in to reduce costs, improve productivity, and allow employees to use critical thinking and creativity to drive value and profits. Modern corporations are looking to finance teams to make sense of their data to drive growth and innovation.

Q: What elements would be most essential to adopt automation successfully at your company? Please select all that apply.



Finance leaders surveyed in the Dun & Bradstreet study said reliable data is at the heart of the automation transformation.

> "Now we've automated 800 account reconciliations, and it has eliminated about 2,000 hours of work. That allows accountants to do more rewarding work in terms of financial-statement analytics."

–Steve Young, executive vice president and CFO of Duke Energy Corp., speaking to The Wall Street Journal in How Automation Is Changing the Workplace at Duke Energy, 2019

6 Continuing the Automation Journey:
Embracing the Automation Transformation

Finance leaders are rapidly becoming guardians of data and proponents of digital transformation. That's why investing in tools and resources to automate key processes to free up time and money for other tasks is among the most important decisions a finance leader can make. Automation is often a prerequisite to strategic transformation. Embracing the opportunities that automation creates can give the finance team more bandwidth to focus on the art of finance instead of the science alone.

Forward-looking organizations that have learned to effectively organize, manage, analyze, and activate their data through analytically inspired automation achieve the following benefits:

Manage risk: Decrease bad debt, optimize cash flow, reduce exposure to high-risk accounts, and minimize fraud.

Accelerate revenue: Prioritize relationships with the best customers, fueled by analytically driven decisions delivered via automation.

Reduce cost: Optimize resources with automation to reduce costs such as selling to, collecting from, and extending credit to customers.

Transform business: Accelerate digital transformation, create a trusted view of key relationships, unify data across departments, and leverage data for innovation.

So how do you accelerate your automation journey? Here are three points to keep in mind:

1. Plan for Disruption

Embrace the fact that it will take time, dollars, and people to get to your organization's best state. Though there may be an initial cost to automation efforts, the payoff is manifold.

2. Think about Automation in Terms of Value Delivered

Many leaders focus on the tools, expense, and time surrounding a specific aspect of a piece of infrastructure or the quote-to-cash process. Drawing out the entire process can lead you to the best solutions and help you identify ancillary benefits to your entire organization.

3. Reimagine the Potential of People

What could your best people do with more time in a day? The possibilities are endless. Finance teams that have the opportunity to automate backward-looking processes have the time and energy to look forward, driving strategic value for their businesses.

> "It's no wonder that almost every finance organization is in some stage of implementing data and analytics and considering where to focus."

–KPMG, Future of Finance: Extreme automation Transforming finance operations with disruptive technology, 2019

7 Methodology

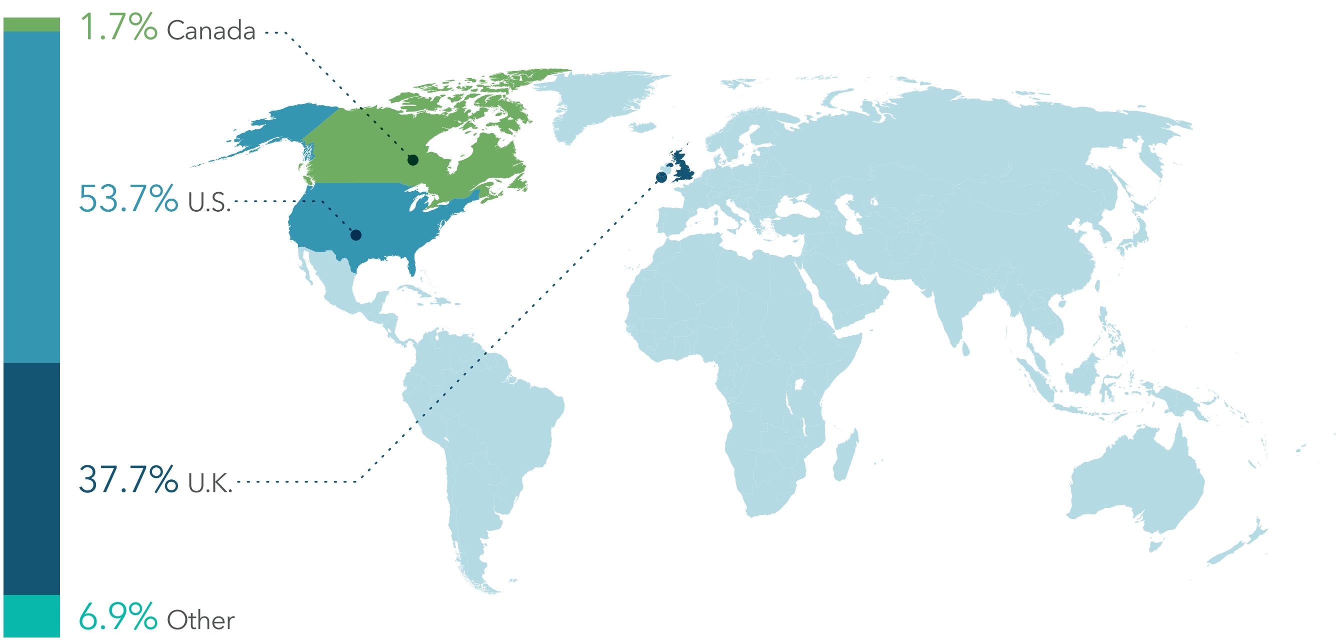
In May 2019, Dun & Bradstreet collected approximately 250 responses via an online survey about automation trends from finance and credit leaders.

Response sources included credit management institutions such as the Credit Research Foundation, the Chartered Institute of Credit Management, as well as attendees of the National Association of Credit Managers Congress in May 2019.

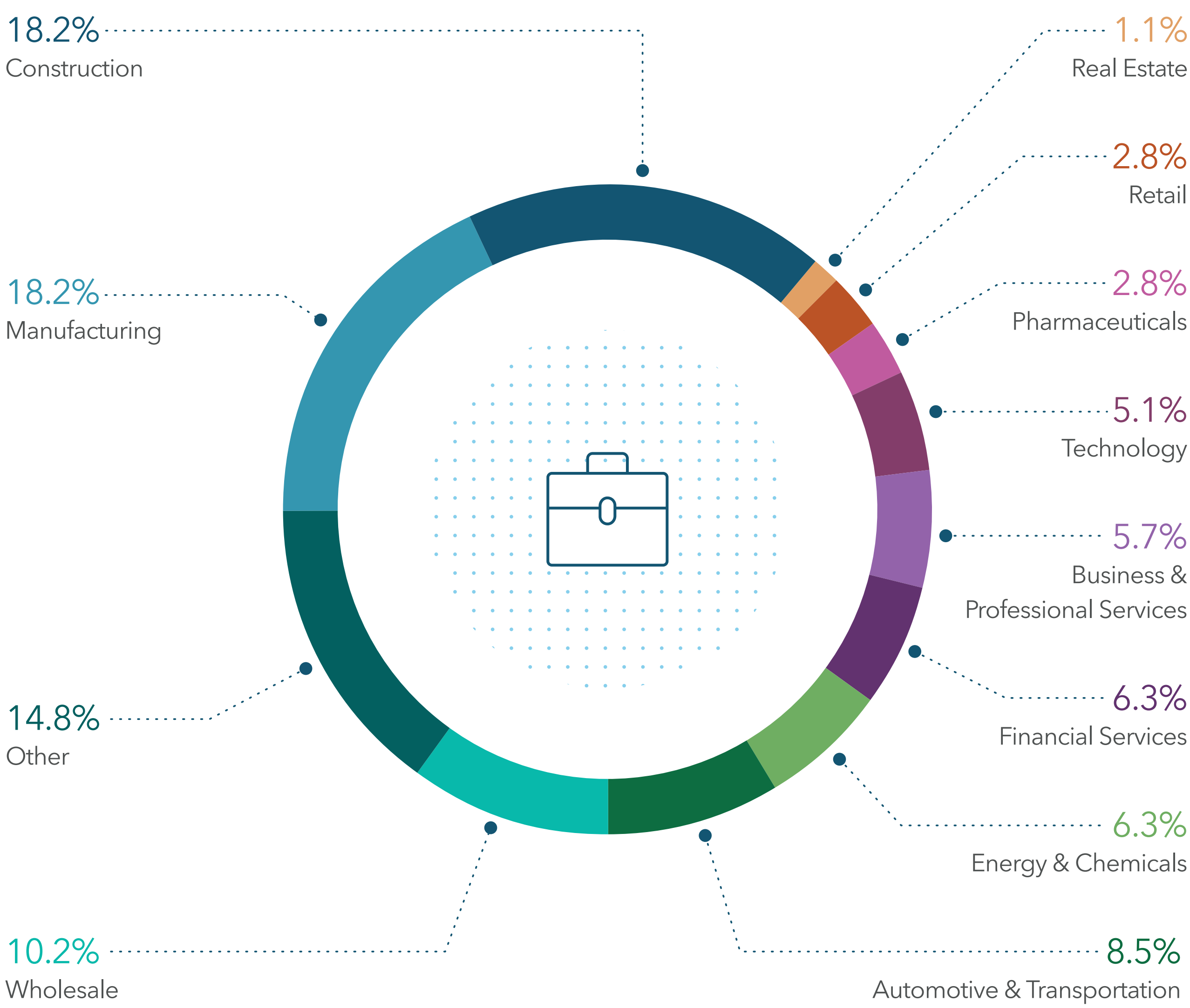
Demographic Breakout

Q - Please select your company's business size (in employees).

Q: Please select the country where your company is headquartered.



Q: Please select your company's industry.



Sources

1. "The Velocity of Value" by David. W. Owens, CFO Magazine, 2014
2. "The Customer-Obsessed Finance Leader In The Age Of Data," Forrester 2017
3. Harvard Business Review, 2017
4. "The (R)evolution of Risk Management, Finding Opportunity for Modern Finance in a Universe of Risk," Dun & Bradstreet Global Study 2018

Credit Research Foundation

CICM Chartered Institute of Credit Management

Survey results are for directional interpretation only and are based off of voluntary responses to Dun & Bradstreet's survey link in Qualtrics.

About Dun & Bradstreet

Dun & Bradstreet, the global leader in commercial data and analytics, enables companies around the world to improve their business performance. Dun & Bradstreet's Data Cloud fuels solutions and delivers insights that empower customers to accelerate revenue, lower cost, mitigate risk, and transform their businesses. Since 1841, companies of every size have relied on Dun & Bradstreet to help them manage risk and reveal opportunity.

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