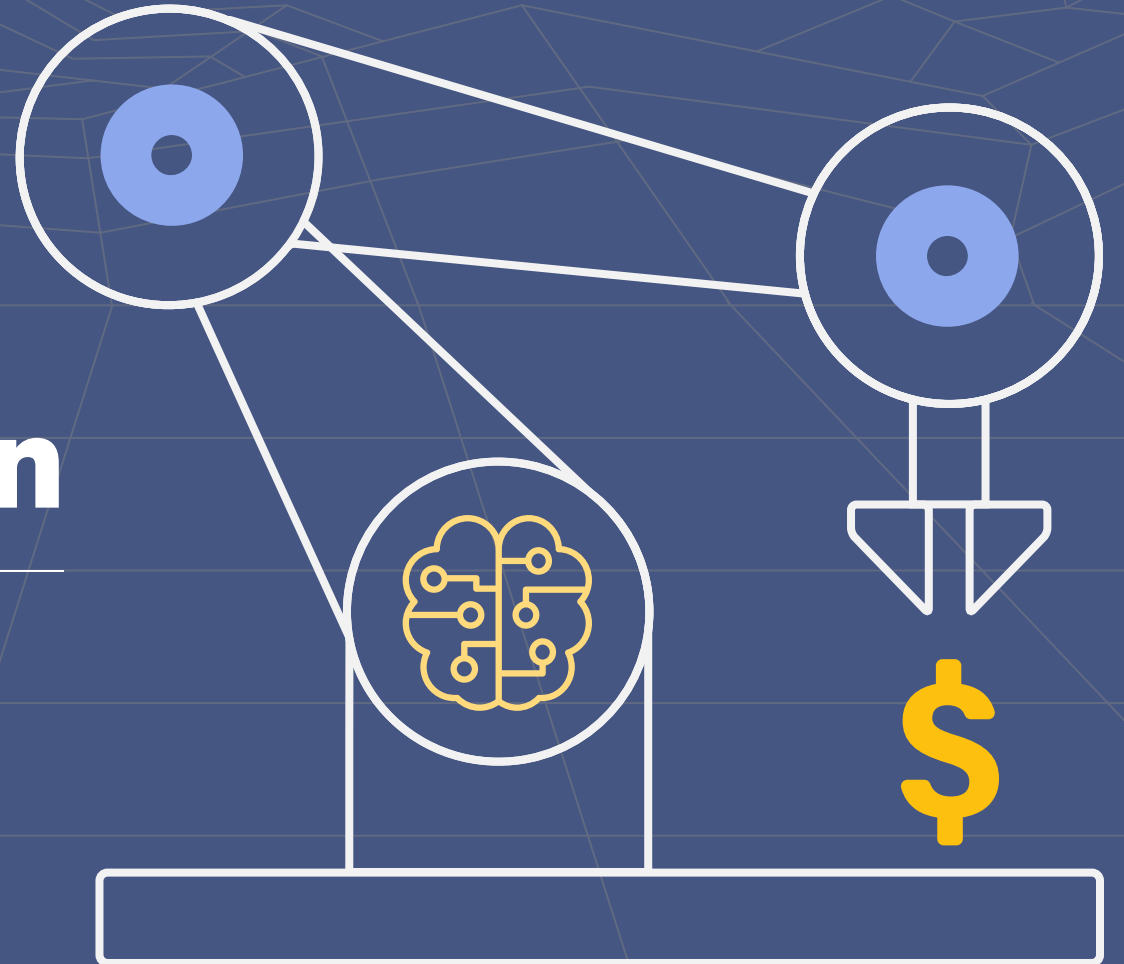




Rebooting Finance Teams for the Robot Revolution

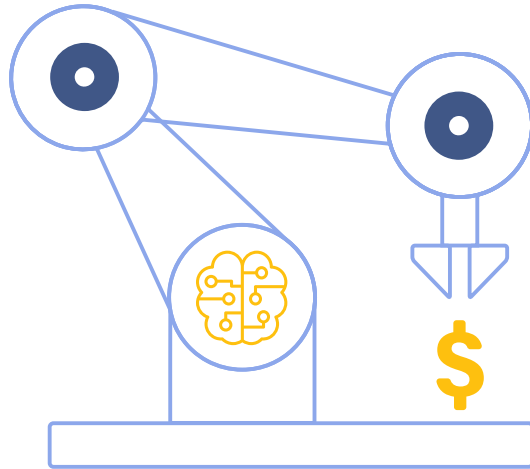
Report From 250 CFOs About the
State of Automation in Corporate
Finance Operations



This report shares learnings from a survey of more than 250 CFOs at medium-to-large U.S. companies regarding the current state of automation in their finance departments. Highlights include the future opportunities automation presents and how organizations empower their teams and increase efficiency with technology.



The Automation Revolution Is Here



Automation is expected to generate trillions of dollars in business value¹ and is dramatically changing how companies do business. According to Accenture, the strategic application of automation could be the difference between businesses that succeed and those that fail.² McKinsey predicts that many jobs, such as drivers, assembly line workers, administrative assistants, and bookkeepers, will soon become automated. This could potentially result in the displacement of as many as 14.7 million young workers (age 18-34) and 11.5 million workers over the age of 50.³

With this trend in mind, along with the rapidly changing way that most organizations work as a result of the COVID-19 pandemic, it is important to explore the current state of automation within the finance function. Now, more than ever, finance leaders must step up to guide their companies to sustainable success.

In partnership with market research firm Censuswide, Tipalti conducted a survey of more than 250 CFOs at medium-to-large U.S. companies regarding the current state of automation in their finance departments. The report also uncovers the future opportunities automation presents and including how organizations are employing technology.

¹ Leverage Augmented Intelligence to Win With AI (Gartner)

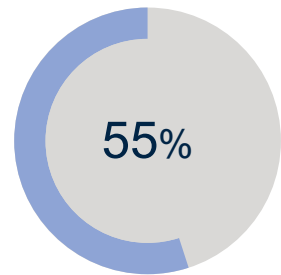
² AI: Built to Scale (Accenture)

³ The Future of Work in America (McKinsey Global Institute)

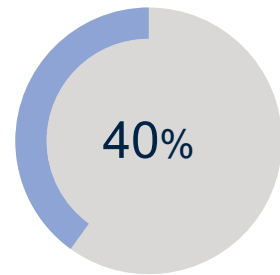
Improving processes and saving time with automation

Among the forward-looking CFOs who automated some or all of their finance processes, 55% have eliminated 40% or more of the time their teams previously needed to spend on manual finance processes and 47% saw an improvement in customer experience. Also, more than 40% benefited from providing an improved supplier experience.

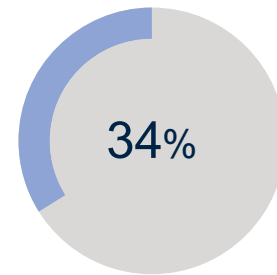
Thirty-seven percent reported a reduction in their level of compliance risk (fraud, audits, compliance, etc.), 34% experienced better visibility and faster financial reporting, and 29% said automation improved finance team morale. Finally, 17% successfully moved team members into more strategic roles within the organization thanks to the elimination of manual, repetitive tasks.



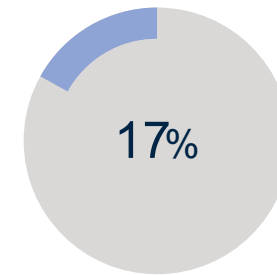
Eliminated over 40% of manual process time



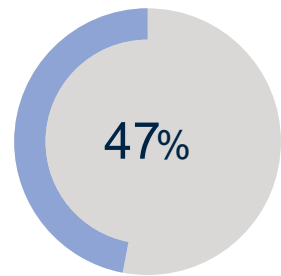
Benefited from improved experience



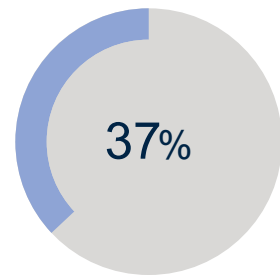
Improved visibility and reporting



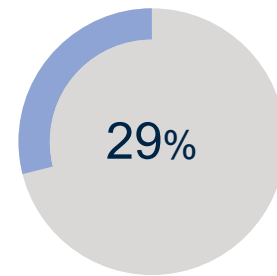
Moved team to more strategic roles



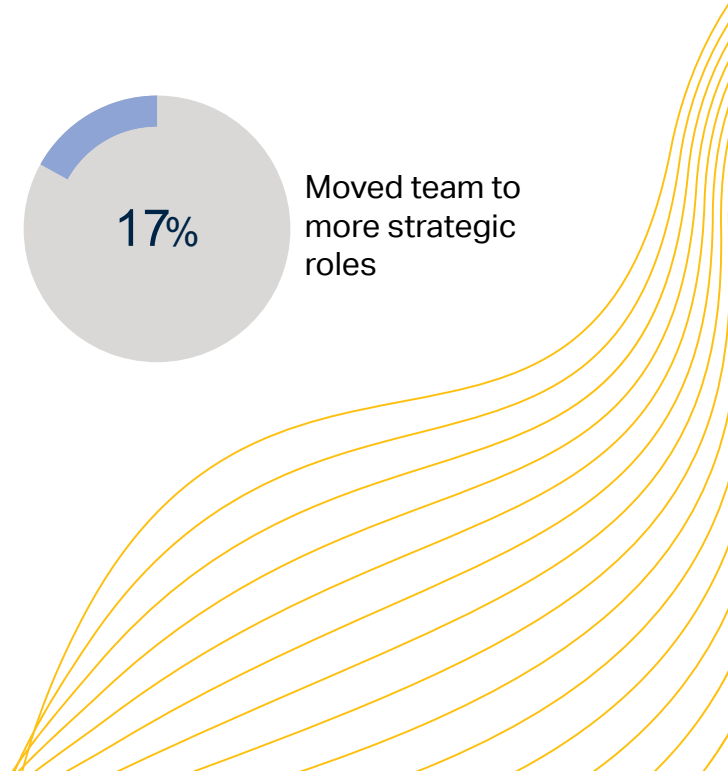
Saw customer experience improvement




Reduced compliance risk



Improved morale for finance team





“We could see that Accounts Payable was becoming a burden. Vendor count and international payments were going to increase, and we needed to make sure the right processes were in place before it reached a point where cash flow management could be hindered. **Now, we have time to find ways to reduce costs and enhance revenues. We’re focused on strategy, not just making sure that people are getting paid on time.**”

Kevin Crowley, Accounting Manager at Therabody



Spend more time on strategic work

Using automation to make finance processes faster and less labor-intensive, allows teams to spend more time on strategic work like forecasting, investment decision making, enhancing financial and cost controls, and supporting globalization and M&A initiatives. As a result, finance can have a significant impact on their organizations.

62% of CFOs stated they will switch the focus of those employees that currently handle manual tasks that can be automated to higher-value work. This is one of the key results of automation. It's not merely about streamlining processes—it's about adjusting team structures and compositions to accomplish more.

If a job is eliminated by automation, 77% of respondents said they plan to transfer those workers to a different department. But not everyone can do more without additional training, and many CFOs are aware of that. Fifty percent of respondents said they would retrain workers with new skills, allowing them to circumvent any displacement concerns brought on by automation.



62%

Switch employees from manual tasks to higher-value work




77%

Transfer employees to other functions if position is eliminated



50%

Retrain workers with new skills if displaced by automation



“We lead the business to success through automation. **With that productivity gain, we empower our teams to drive performance and insights, instead of manual, time consuming AP tasks.**”

Marc Balcke, Corporate Controller at Noom, Inc

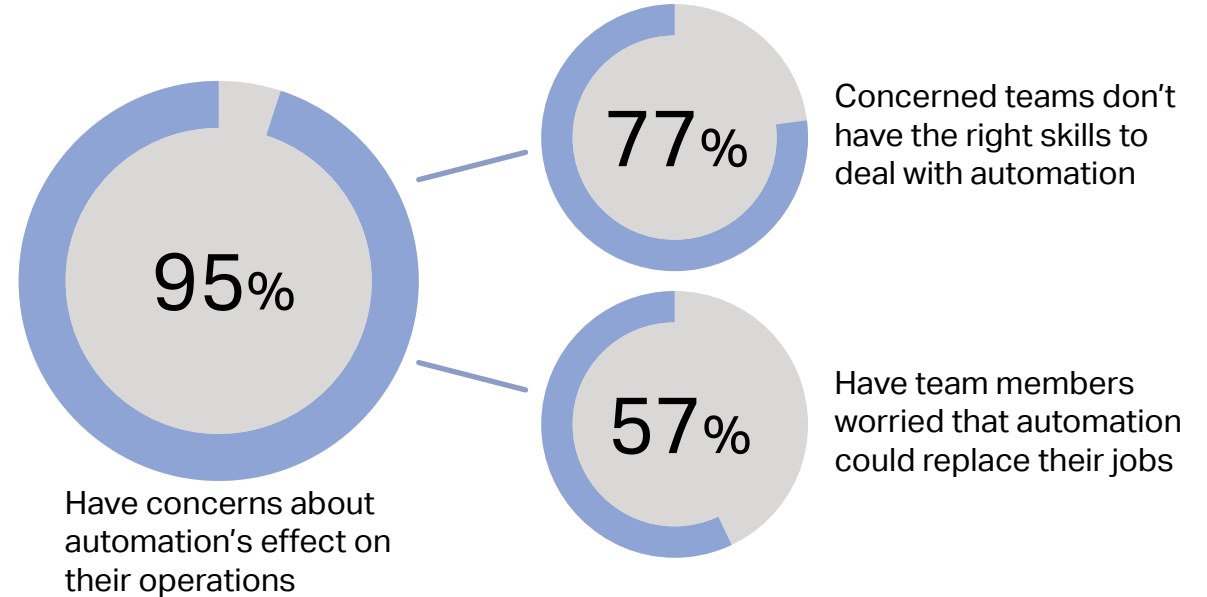


Significant productivity gains and new jobs

Some CFOs haven't embraced automation. When asked if their finance teams are feeling anxious about the automation of processes, 95% had concerns. The majority (77%) said their teams were concerned about not having the right skills necessary to deal with increased automation.

Additionally, more than half (57%) of CFOs surveyed said their team members were worried that automated solutions could replace their jobs. This is a concern of many individuals, not just those who work in finance.


But ZipRecruiter's **Future of Work** report revealed that AI has already created three times as many jobs as it has destroyed.¹ The World Economic Forum also estimated that AI would create 58 million new jobs between 2018 and 2022.²



AI estimated to create
58 million new jobs
between 2018 and 2022

¹ Future of Work (ZipRecruiter)

² Machines Will Do More Tasks Than Humans by 2025 but Robot Revolution Will Still Create 58 Million Net New Jobs in Next Five Years



“As we look forward to economic recovery and let the new normal settle, finance teams will play a critical role in navigating businesses beyond this difficult period. To help their organizations get through this, they need to be much more than traditional bean counters by preparing their businesses to scale efficiently and achieve sustainable, healthy growth. **CFOs and other finance leaders at modern, high-velocity companies have a critical role in guiding their companies through this challenging time—ensuring they’re coming out the other side stronger while setting up their organization for long-term success.**”

Chen Amit, CEO and Co-Founder at Tipalti

Despite remaining concerns some CFOs have about automation, they do understand the risks of failing to modernize their finance function.

More than 70% felt that the executive team's increasing demands could be particularly challenging to address without automation.

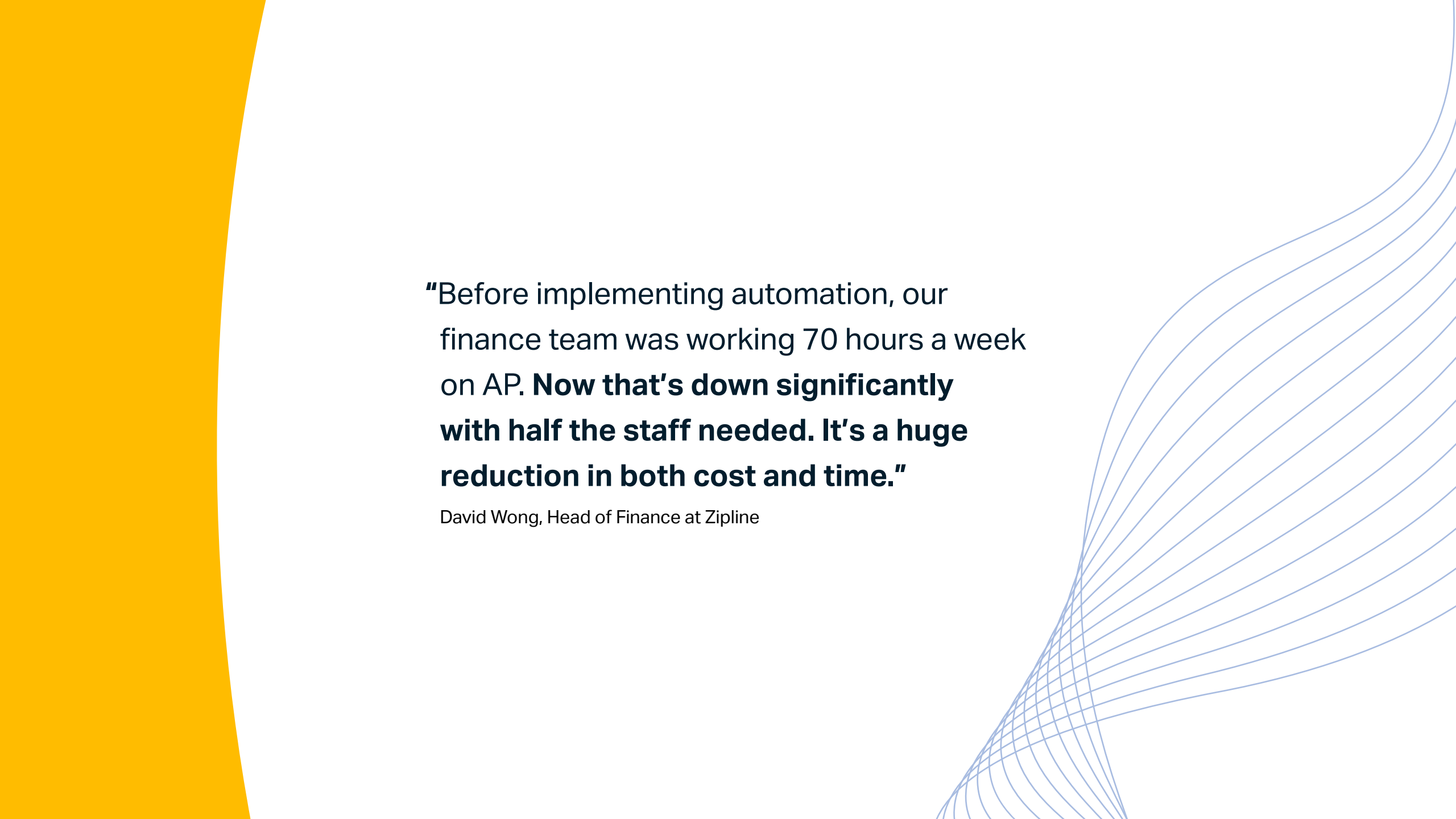
In addition to executive demands, more than 60% of CFOs said they were worried that the skills shortage (among finance employees) would present even more challenges. And 33% saw risk in the lack of automation or slow implementation of new financial technology.

Concerns remain as CFOs explore automation

These concerns are justified. The **AI: Built to Scale** study by Accenture suggests that failure to scale AI could put as many as 75% of organizations out of business. CFOs are expected to go far beyond traditional accounting responsibilities to help drive the company's direction, such as:

- Improving timely business performance visibility
- Conducting business analysis (CAC, CBE, etc.)
- Forecasting
- Investment decision making
- Fundraising strategies
- Productivity, scale, and agility improvements
- Enhancing financial, cash, and cost controls
- Supporting globalization and M&A initiatives, and much more—all while balancing short- and long-term needs

Manual financial operations hold the finance team back by consuming the time and resources necessary to guide the business. Accounts payable is the most time-consuming function in finance today, so automating it is an essential element of any CFO's strategy to modernize the finance organization and focus on enabling business success.



“Before implementing automation, our finance team was working 70 hours a week on AP. **Now that’s down significantly with half the staff needed. It’s a huge reduction in both cost and time.**”

David Wong, Head of Finance at Zipline

The need for automation has never been more pressing

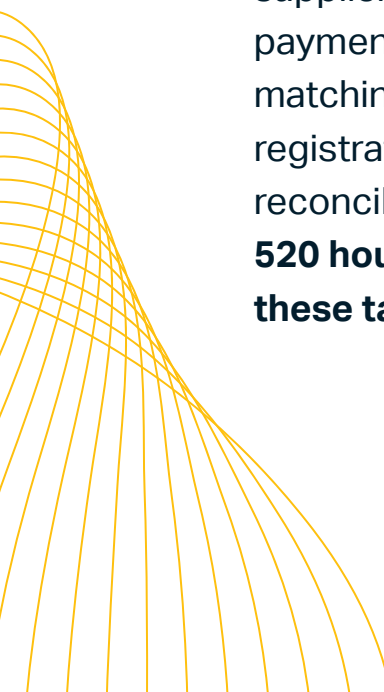
Nearly half of CFOs (47%) said their teams spend 5 to 10 people-hours per week on AP-related tasks, including invoice processing, supplier inquiries, supplier payments execution, PO matching, new supplier registration, and payment reconciliation. **All told, up to 520 hours are dedicated to these tasks every year.**



Over one quarter (27%) dedicate 10 to 20 people-hours per week, amounting up to 1,040 hours annually.

Only 4% of respondents said their team spends fewer than 3 hours on AP-related tasks, highlighting the need for broader adoption of automation tools.

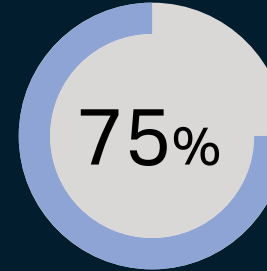
Just 7% automated all of their finance processes.



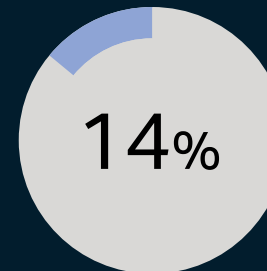
The impact of coronavirus

With all this, the pandemic has accelerated this transition toward a more digital finance future. Amid COVID-19, 75% of CFOs said their finance teams have been able to fully function and complete all processes on time while working remotely **but** only after making major changes. Less than a quarter of finance teams (14%) were ready to work from home without making changes to existing processes. **Looking ahead, 48% of CFOs said that remote work would have the most significant impact on their finance teams' day-to-day responsibilities over the next five years.**

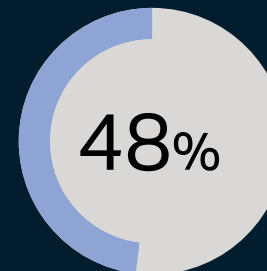
In addition to the loss of time, AP-related tasks have real economic consequences. According to the U.S. Bureau of Labor Statistics,¹ hourly earnings averaged \$29.37 in June. **Thus, tasks like invoice management, bill processing, and payment reconciliation could be costing businesses anywhere from \$15,000 to \$30,000 every year.**



Finance teams fully functional WFH after major changes




Finance departments ready to work w/o changing processes



Remote work will have significant impact for next 5 years

¹ US BLS



“Finance needs to take a holistic approach to modernizing the payables operation. They need to address not only short-term requirements but longer-term strategic priorities. To effectively modernize the finance operation for lasting gains, CFOs need to put a scalable payables automation solution in place that maximizes efficiency across their end-to-end global payables workflow, accelerates business visibility, enables adaptability to changing business needs, and institutes smart financial and cash controls.”

Sarah Spoja, CFO at Tipalti



About the survey sponsor

Tipalti is the only payables automation solution to streamline all phases of the global AP workflow in one holistic cloud platform. Tipalti makes it painless for finance departments to manage their entire supplier payments operation.

Leading companies use Tipalti to scale their businesses efficiently, eliminating up to 80% of their supplier payments workload, accelerating financial close by 25%, and strengthening financial, cash, regulatory, and tax compliance controls.

Hundreds of high-velocity companies trust Tipalti to transform their payables operations, including Amazon Twitch, Automattic, ClassPass, Zola, Roku, Zumba Fitness, Amplitude, Seeking Alpha, GoPro, Twitter, Roblox, Medium, GoDaddy, Vimeo, and Foursquare.

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