Newsroom

Press Releases

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Gartner Says Robotic Process Automation Can Save Finance Departments 25,000 Hours of Avoidable Work Annually

Only 29% of RPA Adopters Have Implemented the Technology for Financial Reporting

Finance departments can save their teams from 25,000 hours of avoidable rework caused by human errors by deploying robotic process automation (RPA) in their financial reporting processes, according to Gartner, Inc. Currently, fewer than one-third of finance departments that have deployed RPA have utilized the technology for financial reporting, leaving major efficiency gains on the table.

Gartner studied the use of RPA in finance departments through interviews with more than 150 corporate controllers, chief accounting officers (CAOs) and chief accounting leaders to determine the main benefits of implementing RPA within the financial reporting process and identified three key roadblocks that are currently hindering broader adoption.

"While 88% of corporate controllers expect to implement RPA by next year, we routinely encounter hesitancies when it comes to applying RPA to financial reporting processes," said Dennis Gannon, research vice president in the Gartner Finance practice.

"When viewed from a narrow ROI perspective, financial reporting appears to be a low priority compared with other business initiatives," Mr. Gannon said. "The departments that have experimented with RPA in their reporting processes, however, report a series of additional benefits, from less staff time fixing mistakes and more time allocated to higher-value work. The result is typically higher employee engagement and less turnover."

Gartner's analysis based on survey responses with accounting and controllership leaders revealed three roadblocks finance leaders experience when considering implementing RPA: a hesitancy to remove human judgment from the process, perception of low ROI and process standardization delays before implementation.

Overcoming Hesitancy

RPA is best applied to manual, repetitive actions that a human would otherwise complete with a computer. CAOs and corporate controllers have been hesitant to deploy RPA full-scale within the financial reporting process, relying on staff interaction points for steps deemed still beneficial from human judgment. However, this approach limits the upside of RPA's benefits while still introducing human error and the need for rework.

"Maintaining unnecessary human interaction points indefinitely creates a ceiling on the benefits of RPA. CAOs and controllers we've seen overcome this roadblock have created tandem systems set for a limited period of time," said Mr. Gannon. "This allows accounting leaders to test the performance of a fully automated process against the traditional manual approach and provides proof of the efficiency and accuracy of RPA, without the need for human intervention points."

Reframing ROI

Most CAOs and corporate controllers are forced to prioritize RPA activities based on a lack of resources and their role in managing a cost center, where they are consistently asked to do more with less. Using a typical, cost-centric ROI formula focused on full-time employee time savings tends to deprioritize RPA opportunities within financial reporting for other business opportunities.

"Accounting leaders who fully embrace RPA go beyond simplistic metrics and view the technology as a boost to their employee value proposition," said Mr. Gannon. "Most employees will welcome the opportunity to avoid tedious rework in favor of the more strategic activities that only a human can do."

Gartner research has found that the average amount of avoidable rework in accounting departments can take up to 30% of a full-time employee's overall time. This equates to savings of 25,000 hours per year at a cost of $878,000 for an organization with 40 full-time accounting staff.

Avoiding Implementation Delays

A final roadblock in full-scale RPA implementation for financial reporting is a belief by accounting leaders that the process must be standardized before it is implemented. Interviews with CAOs and controllers revealed a common belief that without standardized processes, the failure rate due to exceptions was much more likely. These potential failures within financial reporting processes were viewed as riskier compared with other automation opportunities due to the risk of financial misstatements or missed reporting deadlines.

"By implementing RPA on the processes that can be automated from day one, accounting teams can immediately free up capacity with a minimum of disruption that typically occurs when new process standards are introduced," said Mr. Gannon. "This ultimately increases speed to adoption and the benefits that come with RPA."

Gartner for Finance clients can access relevant research and insights in Obstacles to Using RPA in Financial Reporting (https://www.cebglobal.com/member/finance-leaders/research/issue-explorer/19/obstacles-to-using-rpa-in-financial-reporting.html).

Nonclients can review more information in Finance Robotics: Seizing the Opportunity (https://www.gartner.com/en/finance/insights/robotics-in-finance).

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