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Gartner for Finance Leaders

3 Tactics to Demonstrate RPA's Impact in Finance

Beyond tracking time saved, organizations find it challenging to accurately assess RPA's full business impact. Finance transformation leaders can measure RPA's value by establishing its connection to business objectives, prioritizing metrics based on maturity and tracking when RPA's impact wanes.

Overview

Key findings

- Robotic process automation (RPA) technology continues to see increased investment and improved adoption. It is the only process automation and optimization technology in the Gartner top 10 most valuable technologies for finance leaders in 2024.
- The value of RPA isn't solely in its automation of a discrete task, but also in the foundation it lays for additional automation and technology implementation efforts.
- Measuring the number of hours of work saved does not fully capture RPA's impact; finance transformation leaders (FTLs) instead need a holistic approach that captures the dynamic ways in which RPA adds value over time.

Recommendations

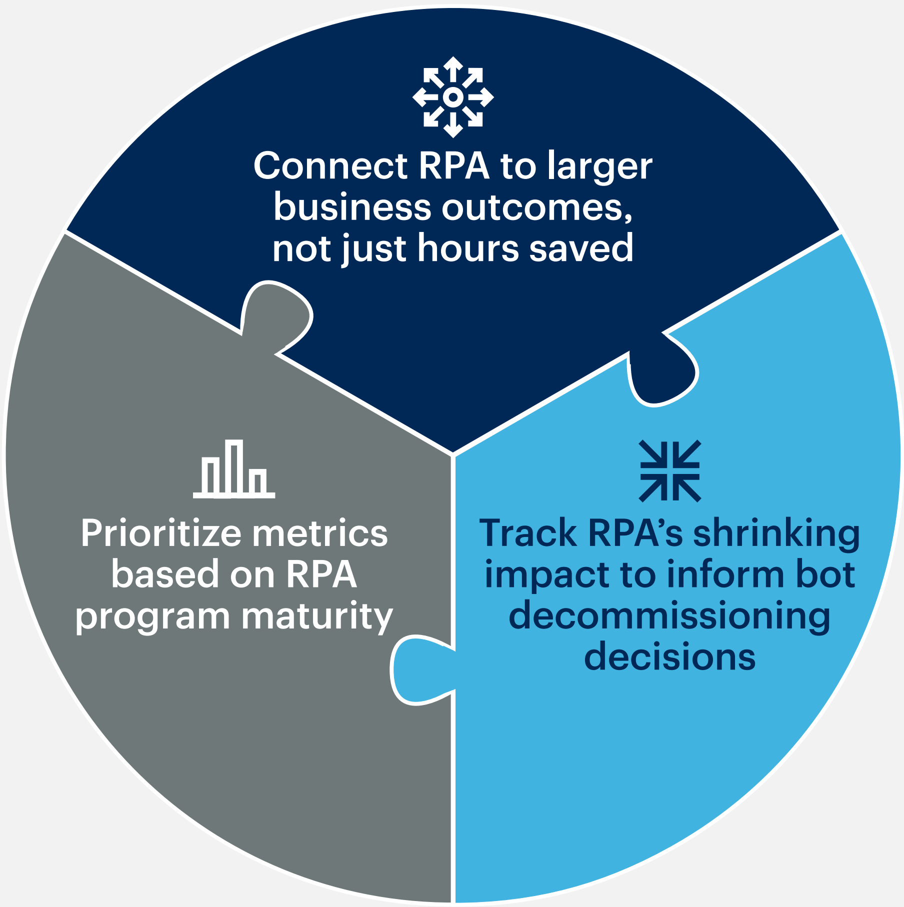
To effectively demonstrate RPA's impact, FTLs can use the following three RPA measurement tactics:

- Connect RPA to larger business objectives (not just hours saved) to fully capture the technology's effects on the finance function.
- Prioritize metrics based on RPA program maturity to reflect how the technology's benefits evolve over time.
- Track RPA's shrinking impact (in critical, organization-specific areas) to timely inform bot decommissioning decisions.

However, despite broad adoption within finance to date, many FTLs struggle to assess the business impact of their RPA program. A lack of clarity clouds FTLs' ability to advise their finance leadership team colleagues on where to expand — and retire — investment in RPA over, ultimately restricting finance's ability to realize RPA's outsized benefits beyond simple task automation.

FTLs should ensure their RPA measurement approach is effective by following three tactics: connecting RPA to larger business objectives, prioritizing metrics based on the RPA program's maturity and tracking RPA's shrinking impact in critical areas (see Figure 1).

Figure 1: Three Tactics to Demonstrate RPA's Impact



Source: Gartner

Introduction

In the Gartner 2024 Finance Technology Bullseye, RPA maintained its position as one of the top 10 technologies in finance expected to receive increased future investment, due to its ability to eliminate repetitive tasks and its role as a steppingstone toward hyperautomation. Additional Gartner research showed that 89% of finance leaders use technology to drive automation and reduce manual work on their team.

Connect RPA to larger business outcomes, not just hours saved

When measuring RPA's impact, start with the finance function's strategic objectives. Saving hours through discrete task automation — the most straightforward benefit of RPA — is valuable, but may not feel material enough to senior finance leadership to warrant continued (or even expanded) investment in the technology. Without a full sense of RPA's true impact, leaders might dismiss RPA's ongoing relevance, potentially leading them to deprioritize or decommission a technology that actually benefits their long-term goals.

For example, RPA's ability to automate the gathering and cleaning of data for a forecast doesn't just save employees time, it also creates the space for employees to generate better insights to support decision making. See Table 1 for additional common finance pain points that RPA can help address, resulting in outsized business impact.

Table 1: Common Finance Pain Points Addressed by RPA Solutions

Common finance pain point	Example RPA use case	Business outcomes
Finance team members find it tiresome to process and match multiple payments (and invoices)	Reduce the manual processing of payments to automate pre- and postpayment validation and reconciliation	Enable hyperautomation, ultimately improving productivity and lowering process costs
Subfinance teams are slow in sharing information with each other	Compile data from different systems to speed up accounts receivable work	Improve financial asset utilization
Finance team errors negatively affect customer perceptions	Capture accurate data to reduce invoice error rate	Contribute to enhanced customer experience

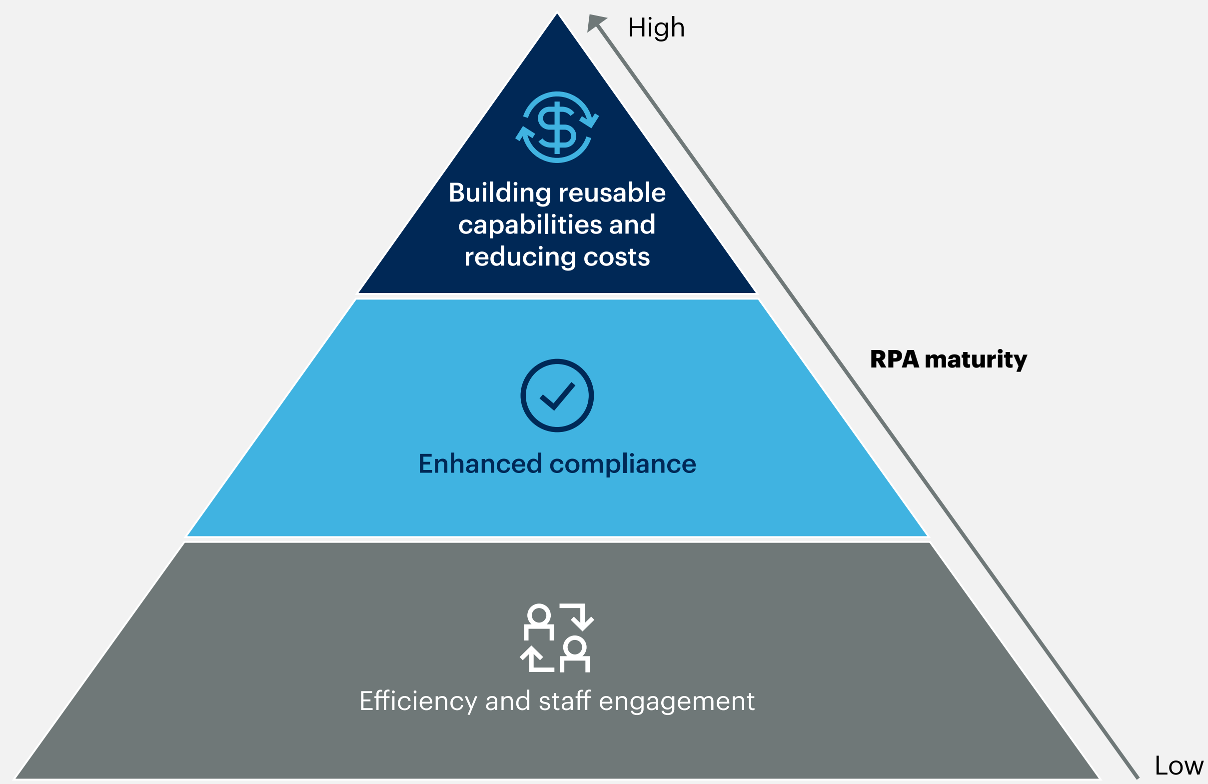
Source: Gartner

Prioritize metrics based on RPA program maturity

By its very nature, RPA presents different benefits as it matures (see Figure 2). When a finance function first implements RPA, the technology's initial benefits can be categorized under efficiency; as the RPA program matures, new compliance benefits emerge (e.g., accurate record keeping, digital audit trail, low error rate in database management).

To accurately assess RPA's impact, FTLs must select metrics that are appropriate for their program's maturity level (see Table 2). Unfortunately, only 15% of finance leaders currently adjust the metrics used for monitoring automation efforts based on the maturity of the automation program.

Figure 2: Evolution of RPA Benefits Based on the Maturity of the Overall RPA Program



Source: Gartner

Low maturity: Efficiency and staff engagement focus

A typical starting point for measuring RPA's value is assessing gains in efficiency and productivity. At this level of maturity, FTLs will find it easiest to start with measures that track inputs, such as the number of activities automated or number of bots deployed. In addition, FTLs should challenge themselves to also include metrics that track outputs, such as the proportion of time spent rerunning calculations or the level of finance employee engagement (as a result of reducing tedious work).

There is room to get creative: If finance uses RPA to speed up the processing of accounts receivables, for example, FTLs can use the improvement in working capital efficiency to quantify this increased efficiency. By combining input and output metrics, FTLs can ensure their assessment of RPA's value is holistic.

Medium maturity: Compliance enhancements focus

Reaching this level of maturity means that the finance team has implemented RPA solutions that will reduce the prevalence of human errors and has started to build a digital audit trail. At this level, FTLs should select metrics that reflect these compliance enhancements.

For example, FTLs can estimate RPA's efficiency in reducing data and reporting errors by comparing the results of two simple equations:

- The probability of human error, based on past experience x the average cost of fines
- The probability of making errors with RPA, which may be as low as 0% x the average cost of fines

High maturity: Reusable capabilities and cost reduction focus

When the RPA program reaches the stage where it can be scaled and adopted across the finance function, teams gain the additional benefits of deploying reusable capabilities (RPA-enabled solutions that can be applied to various use cases) and seeing cost reductions.

At this level of maturity, FTLs should track metrics such as the number of reusable capabilities, the number of use cases that exist for each RPA capability and the number of full-time employees displaced.

To ensure RPA is being assessed correctly, FTLs should select metrics that best capture RPA's benefits at their given maturity level (see Table 2 for example metrics).

Table 2: Sample Metrics for Evaluating RPA — by Maturity Level

Maturity	Business outcome	Sample metric
Low maturity	Efficiency	Percentage of time spent on rework due to human error
		Percentage of time spent rerunning calculations
		Improvement in working capital efficiency (due to speeding up accounts receivable processing)
	Productivity	Freed-up capacity through full-time employee redeployment
	Staff engagement	Satisfaction scores
Medium maturity	Compliance	Number of errors that needed correcting prior to finalizing year-end provision
		Efficiency rate = (probability of human error) x (average cost of fine)
		Percentage of processes with a fully-maintained digital audit trail
High maturity	Cost reduction	Headcount displacement
	Reusable capabilities	Number of use cases for each RPA capability (e.g., fetch a file, augment the file, post the file)
		Number of reusable capabilities (e.g., a workflow tool, a reconciliation tool, a data management tool)

Source: Gartner

Track RPA's shrinking impact to inform bot decommissioning decisions

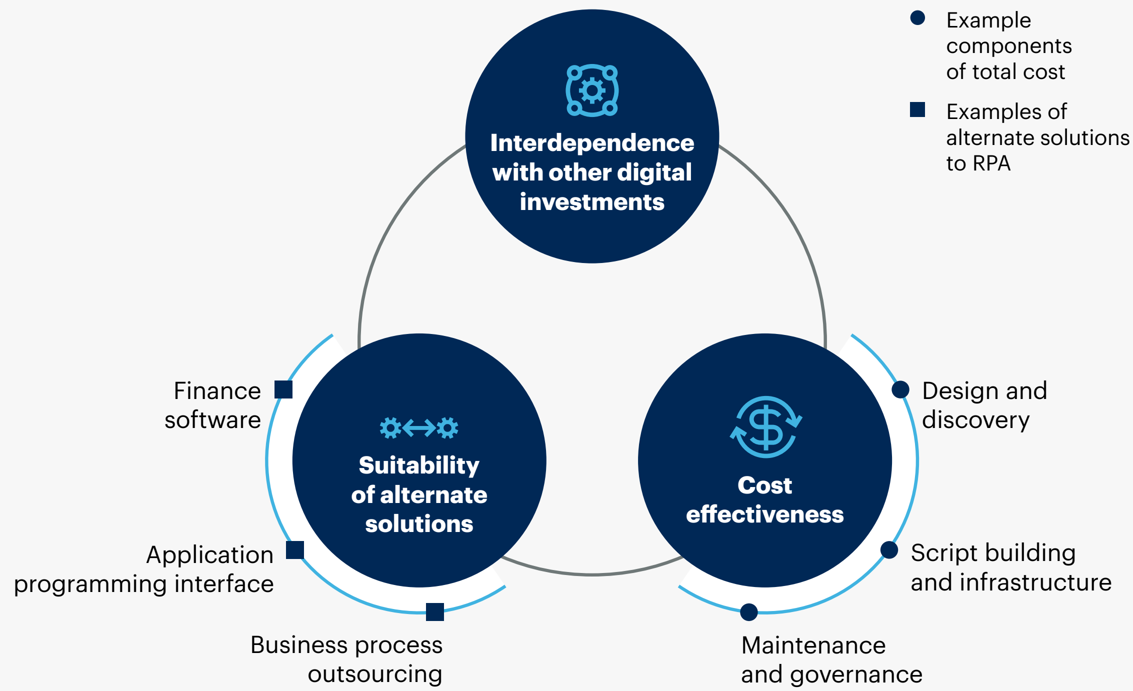
As part of the RPA measurement process, organizations must incorporate criteria to identify where and when RPA may have a lower relative impact compared to alternative solutions or to initial expectations. This analysis can help FTLs decide whether it's time to decommission certain bots.

The specific, final criteria for determining when RPA's impact is shrinking is contingent on the functional and organizational priorities and strategy. Leaders can revisit their initial technology plan/roadmap, stakeholders' expectations and the contemplated outcomes to identify key areas for RPA evaluation.

However, FTLs should ensure their function's criteria include the following essential elements (see Figure 3):

- **Cost-effectiveness.** FTLs should review each RPA solution's cost (i.e., every cost, from the initial development of bots to their maintenance) and assess how it compares to initial budget projections. The cost of maintaining bots often ends up being higher than initially expected, which is why organizations find it useful to periodically compare projected and actual costs.
- **Interdependence with other digital investments.** Before evaluating a bot's contribution to the finance function and deciding whether to retire it, FTLs must understand how it supports other technologies and digital investments.
- **Suitability of alternate solutions.** FTLs should periodically weigh whether an alternative, such as a newly released version of a finance software, might be equally or better suited to meet their needs. Other alternatives to consider could include outsourcing, an application programming interface or business process automation. By understanding the options leveraged by key industry players and competitors, FTLs can build a list of alternatives to compare with their RPA program. Doing so will help them diligently plan RPA's duration and life cycle.

Figure 3: Essential Elements to Track Where RPA's Impact Is Shrinking



Source: Gartner

Acronym key and glossary terms

RPA	Robotic process automation software automates tasks within finance processes via scripts that emulate human interaction with the application user interface. RPA is used across different business functions to perform tactical task automation. RPA software enables a human process or task to be recorded or programmed into a software script (which some vendors refer to as "bots").

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