Already, mobile payment apps can link your phone number to your bank account and use facial recognition to transfer money as seamlessly as a WhatsApp chat. Compare that to the situation, not very long ago, when there was only one way to open a bank account — go to your local branch, wait in line for a clerk, and ask for help. Today, you can still do it at a branch, but you can also do it over the phone or on your desktop, smartphone, or tablet. Across every channel, indeed, the time it takes to process an account-opening application has become dramatically shorter.

Just as these cycle times are diminishing we see similar examples within finance.
Digital disruption for finance

In today’s dynamic operating environment, companies can strengthen their competitive advantage if they can shorten financial close cycle times and speed up access to the data to make informed business decisions.

Businesses have shown a real appetite for the array of digital technologies that make on-demand financial close possible. What’s more, the ability of these technologies to efficiently deliver accurate, just-in-time, period-end data is rapidly increasing (figure 1).

In HfS Research and Genpact Research Institute’s 2016 survey on finance functions in the digital age, 87% of respondents agreed that adopting digital technologies would optimize financial close cycle time. And 84% said that enterprises that embrace digital transformation across business functions will gain more ground than their competitors in the next couple of years.

Digital technologies have two key attributes that make on-demand financial close possible:

- The computing capabilities to process and automate accounting transactions
- Interoperability with different systems and technology platforms

In today’s business environment, there are three factors enabling on-demand financial close:

1. The evolution of ERPs

Market leaders SAP and Oracle are adopting digital technologies as part of the core design of their ERPs. SAP’s S4/HANA radically automates accounting and reporting through, for example, in-memory cloud computing, simplified data models, and SAP Fiori to port business applications across devices while personalizing and simplifying the user experience. This has a significant impact. It reduces cycle times across the board with an average 75%-80% faster financial close, 77% faster planning and budget cycles, and real-time processing and reporting.

2. Wider adoption of fit-for-purpose micro-services

Cloud-based micro-services like Blackline’s finance controls and automation platform are agile, modular, and interoperable. Components — such as account reconciliation, transaction matching, task management, financial close tools, variance analysis, journal entry, and consolidation integrity management — embed automation, control, and period-end tasks in day-to-day activities. This allows continuous accounting. Finance teams can reduce process costs, and cut cycle time by improving the ability to continually capture, validate, and deliver timely and accurate financial reporting data.

---

Figure 1: Digital technologies that enable on-demand financial close: today and the future.
3. Maturing robotic automation

Today, companies are combining advanced robotic software with other technologies like machine learning, natural language generation, artificial intelligence, and advanced visualization. This can automate more than 60% of accounting activities, including tasks previously reserved for humans. For example, Genpact has developed a robotics-powered digital solution that uses natural language generation and machine learning algorithms to automate over 70% of management reports, including commentary writing, which cuts reporting time down to one day or even a few hours.

Taking the first steps toward on-demand

There are two key places to jump-start your journey toward achieving on-demand financial close.

The first is process standardization. Process standardization creates a common understanding of how processes operate, enables smooth hand-offs across process boundaries, and allows comparative performance measures to be put in place. It can also deliver uniform information systems within companies and support common system interfaces between different firms. And the payback can be significant: Organizations with standardized processes can reap up to 10 times greater ROI on their technology deployments than their non-standardized peers.

The second is the use of structured approaches like design thinking to identify ways to create value for customers before designing solutions with digital technologies. But most companies have yet to excel here. For example, a study on the impact of digital technologies, conducted by Harvard Business Review Analytic Services in association with Genpact, found that only 23% of finance organizations currently use structured approaches like design thinking. Unless you bake in rigor before the solutions are designed, finance initiatives are unlikely to deliver the expected business outcomes.

Forward-looking businesses and insights

Automation can help organizations achieve on-demand financial close — giving finance staff more time to generate forward-looking business insights. Already, progressive organizations are embracing real-time accounting by embedding digital technologies into standardized processes. These organizations are shaping a more responsive, forward-looking, and agile finance function, reinforced by on-demand financial close.

CASE STUDY

A case in point: Internet of things drives end-to-end, cross-platform automation

The energy division of a global conglomerate installed sensors on wind turbines to capture and transmit critical performance information to a Genpact center of excellence. Through our data-mining solution the company can predict turbine faults and failures, and maintenance or capital requirements. This reduces downtime, improves working capital, cuts inventory cost, and lowers the risk of lost revenue.

The data can also feed into accounting systems and an accrual engine that automates month-end accruals for turbine repairs and maintenance, provisions for downtime or failures, and uses machine learning to identify expenses to be capitalized.

Author: Vivek Saxena, Vice President, Record to Report Practice Leader
About Genpact

Genpact (NYSE: G) is a global professional services firm that makes business transformation real. We drive digital-led innovation and digitally-enabled intelligent operations for our clients, guided by our experience running thousands of processes for hundreds of Global Fortune 500 companies. We think with design, dream in digital, and solve problems with data and analytics. We obsess over operations and focus on the details - all 78,000+ of us. From New York to New Delhi and more than 20 countries in between, Genpact has the end-to-end expertise to connect every dot, reimagine every process, and reinvent companies’ ways of working. We know that rethinking each step from start to finish will create better business outcomes. Whatever it is, we’ll be there with you - putting data and digital to work to create bold, lasting results - because transformation happens here, at Genpact.com.

For additional information contact, cfo.services@genpact.com and visit


Follow Genpact on Twitter, Facebook, LinkedIn, and YouTube.