The Art of Process Design and Automation

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We had multiple ways to hail a taxi

But there were challenges that affected the user experience

Wait & wave  Call and wait  Plan/book and wait
APP based services were invented with synergy of 2 dimensions

**Automation**
- Global positioning system (GPS)
- 2-way communication
- Digital Wallets
- Ride Analytics

**Design**
- Dynamic pricing model
- On-demand service
- Instill trust
- Virtual assets

“AND”
Similarly Finance Transformation is an outcome of Process design “AND” Automation
A: Process design

Design driven companies outperform the S&P 500 by over 200%

Source: Design Management Institute, http://dmi.org/?DesignValue
Five essentials for process design in the digital age

1. Dynamic controls
2. Zero based process design
3. Design thinking
4. Design for agility
5. Reimagined business outcomes
Reimagined business outcomes are core to process design

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<th>Financial Leadership</th>
<th>Speed</th>
<th>Agility</th>
<th>Customer &amp; User Experience</th>
<th>Risk</th>
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Reimagined L2 Outcome (BIC Benchmark)

- On-Demand Financial Close
- >95% touchless Sub-ledger Integration
- >95% Touchless Manual journals
- >95% Touchless reconciliation
- <5% IC Exceptions

Digital assets

Framework assets
Reimagining month-end close process

- Close cycle Reduction
- Continuous Close
- On-demand Close

Calendar Days

Closing  Transaction processing
Agility = Speed + Sustainability

.... Just as ios provides stable platform & space to dynamically add new apps

Speed
- Practice essentialism
- Minimum viable products
- Drive architecture leverage

Sustainability
- Design for future
- Design for modularity
- Balance customization with standardization
BlackLine functionalities drive agility for organizations

- Cloud
- BlackLine user community
- BlackLine insights
- Faster upgrade cycles
- Embedded controls
Design Thinking: focuses on developing solutions

...that create significant value by keeping stakeholder emotions & experiences at its core
Example:– Intercompany cross charges
As Is customer journey oscillate between neutral to sad state

Intercompany Agreement

- Agreement is either not documented or adhered
- Reaches Invoice In Workflow/Inbox
- Cut-off date for service invoices is not being adhered
- Varied practice for Invoice generation - Enforcement of policy is a challenge
- Manual transaction matching between ICP partners
- Discrepancy found in Invoice Invoice not accepted
- Identify Intercompany Mismatches
- Investigate & root cause analysis of mismatches
- IC payment not processed due to unresolved discrepancy
- Significant mismatch between ICP across regions
- No standard list of supporting/documents for raising a recharge
- No standard list of supporting/documents for raising a recharge
- Resolve discrepancies

TIMELINE
Example:– Intercompany cross charges
To-Be customer journey lifts the neutral to delight

My invoices are auto-generated & posted in ERP. I only do supervision and analysis

Auto-Posting of Invoice

>80% invoices are auto flagged

Invoice Discrepancy are flagged

Auto-matched intercompany transaction

Prompt resolution of >80% of intercompany mis-matches

Auto-reconciliation

Machine Learning automate root cause & do course correction

Manage Mismatches on Exception basis

I am able to raise a query for quick response on the Tool

Zero outstanding or unreconciled items

BlackLine Intercompany Hub  BlackLine Smart Close  RPA & Machine Learning Solution

TIMELINE
Zero based process design: Power of “Zero”

It is impossible to create a light bulb by iterating on a candle
Transforming reconciliation process the zero based design way

Driver 1: Standardization
Driver 2: BlackLine reconciliation module
Driver 3: Blackline transaction matching
Driver 4: Auto-certification

New Drivers:
- Machine Learning for exception handling
- Blockchain

Excel based automation
Standard reconciliation template
Automatic posting & status tracking
Automate system to system reconciliation
### Dynamic real time preventive controls

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BlackLine embeds & automates controls

- **Real time visibility**
  - Open item monitoring
  - Real-time status tracking

- **Policy adherence**
  - Customizable risk thresholds
  - Key accounting information

- **Auditor’s window**
  - Access to auditors for transaction audits
  - Self-service exception review

- **Robotic controls**
  - Automated controls through Smart Close
  - Built-in validation
B: Automation

76%

Finance resources agree that new wave of digital technologies is fundamentally changing the way finance operates.

Source: HfS Survey Finance is Digital Age
While process engines provide power, the digital wheels are vital to take off...

- ERP advancements
- Micro platforms
- Robotics and machine learning
Power of “And” : Process design and automation are mutually inclusive events that result into non linear gains.
Power of “AND” : Enhancing ERP advancements

Example : Implementation of SAP for a beverage major

Automation

- New SAP implementation
- Dual control for GL master sensitive fields change
- SAP CoA mirrored in non SAP entities
- Preventive validations

Process design

- Standardized closing calendar
- Define Policy – frequency, threshold, cut-offs, settlement rules etc.
- Chart of account governance
- Standardized templates & inputs

>30% Effort automation

Controllership

User experience
Power of “AND” : Supplementing micro-platforms – BlackLine

Example : Redefining global reconciliations for a CPG major

Automation
- Auto certification rules
- Single Global BlackLine instance globally
- Compliance enforcement checklists built in to BlackLine
- Embedded controls

Process Design
- Monthly review mechanism
- 6 reconciliations criterion
- Pre close reconciliations for sub ledger accounts
- Risk scoring template

= 45% Auto-certification
= 33% Cycle time reduction

Open item analytics
Power of “AND” : Enhancing the machine learning journey...
Example: Leverage of RPA & NLP to automate thousands of manual journals during month end close for an CPG major

Automation

- Robotics/NLP solution receives inputs by email
- NLP solution reviews contracts to identify key elements/covenants
- Dynamic workflows automate and accelerate manual accrual booking process

Process Design

- Dedicated email box and sender list
- Embedded controls
- Define pattern based rules
- Embedded controls

= 70% reduction in manual efforts
= 100% automation of standard accruals
= 70% automation of non-standard accruals
3 Scenarios to see the AND effect of process design and automation

Scenario 1

Scenario 2

Scenario 3
Scenario 1: Digital intervention without any design intervention

- Manual Reconciliation
- Risk based recon frequency
- No governance mechanism
- Regional Variations
- Inaccurate/Incomplete reconciliation
- Person driven and not Process Driven
- Open items backlog
- No Reporting / analytics of reconciliations
- Manual tracking of open items in excel
- Incomplete supporting back-up

Balance sheet at Risk
Scenario 2: Process design without any digital intervention

- Manual Reconciliation
- Risk based recon frequency
- No governance mechanism
- Regional Variations
- Person driven and not Process Driven
- No Reporting / analytics of reconciliations
- Inaccurate/Incomplete reconciliation
- Incomplete supporting back-up
- Open items backlog
- Manual tracking of open items in excel

Balance sheet at Risk
Scenario 3: Process design **AND** digital intervention synergy yield higher returns and resolve most challenges

Balance Sheet Risk Known with defined Actions
Thank You