



FORRESTER®

Design Finance Automation To Drive Operational Efficiency And Profitability

A FORRESTER CONSULTING THOUGHT LEADERSHIP PAPER COMMISSIONED BY RAMP, OCTOBER 2022

Table of Contents

3	<u>Executive Summary</u>
4	<u>Key Findings</u>
5	<u>Finance Teams Lack Bandwidth To Achieve Top Goals</u>
9	<u>Poor Integration And Automation Cause Inefficiencies And Misalignment</u>
12	<u>Change Management Concerns Inhibit Automation Adoption</u>
13	<u>Strategic Automation Adoption Drives Operational Excellence</u>
18	<u>Key Recommendations</u>
20	<u>Appendix</u>

Project Team:

Sandy Liang,
Market Impact Consultant

Mandy Polacek,
Senior Market Impact Consultant

Kate Pesa,
Associate Market Impact Consultant

Contributing Research:

Forrester's Automation
and AI research group

ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key transformation outcomes. Fueled by our customer-obsessed research, Forrester's seasoned consultants partner with leaders to execute on their priorities using a unique engagement model that tailors to diverse needs and ensures lasting impact. For more information, visit forrester.com/consulting.

© Forrester Research, Inc. All rights reserved. Unauthorized reproduction is strictly prohibited. Information is based on best available resources. Opinions reflect judgment at the time and are subject to change. Forrester®, Technographics®, Forrester Wave, and Total Economic Impact are trademarks of Forrester Research, Inc. All other trademarks are the property of their respective companies. For additional information, go to forrester.com. [E-53629]



Executive Summary

Finance and accounting have always relied on extensive use of numbers and data and repetitive processes, making them a prime candidate for automation and AI adoption. Given the uncertain economic climate, organizations need to conserve more of their resources now more than ever, and finance and accounting teams are a critical lever to achieve that. As finance continues to grow into the role of strategic partner, they must prioritize automation use cases that empower employees inside and outside of finance to spend more time on high-value, strategic work that drives efficiency gains and financial savings for the business.

In May 2022, Ramp commissioned Forrester Consulting to evaluate the state of automation adoption in finance and accounting. Forrester conducted an online survey with 407 finance operations technology decision-makers to explore this topic. We found that finance leaders recognize the need to improve efficiencies within existing teams so that there can be bandwidth for strategic endeavors. Finance automation is expected to become increasingly more important in driving growth for the business, and investments in finance operations and finance automation will increase in the next 12 months. But leaders who have been evolving their finance teams aren't just adding more intelligent automation across use cases — they're focusing on integrated automation and change management that increase employee autonomy and operational efficiency. Those who modernize their finance and accounting practices have experienced or expect to experience data, operational, and financial benefits.



Key Findings

Finance strives to be a strategic business partner but lacks the bandwidth to do this well. As finance teams try to find cost savings while being growth partners, manual effort eats away at time better spent on strategic work.

Existing finance tools are outdated and cause inefficiencies and tension with the rest of the organization. Finance decision-makers struggle to achieve a holistic view of their firms' finances and recognize the need for integrated and automated tools. Yet, companies rely on legacy tools that not only lack critical functionality to achieve company goals, but also cause friction between finance and nonfinance teams.

Change management concerns slow progress. While finance leaders seek to modernize tools, integrate all data sources, and scale automation adoption, they fear too much change could cause disruption and employees fear automation will replace them.

Future fit finance depends on strategic automation adoption, cross-functional collaboration, and upskilling employees. Finance teams recognize they must do their part to provide more frictionless experiences and autonomy for all employees to do more strategic work while continuing to manage costs efficiently. Most companies are already investing in intelligent automation to minimize time spent on routine work and provide employees with actionable insights to drive change. At the same time, they're investing in training and upskilling employees to ease change management concerns.

Finance Teams Lack Bandwidth To Achieve Top Goals

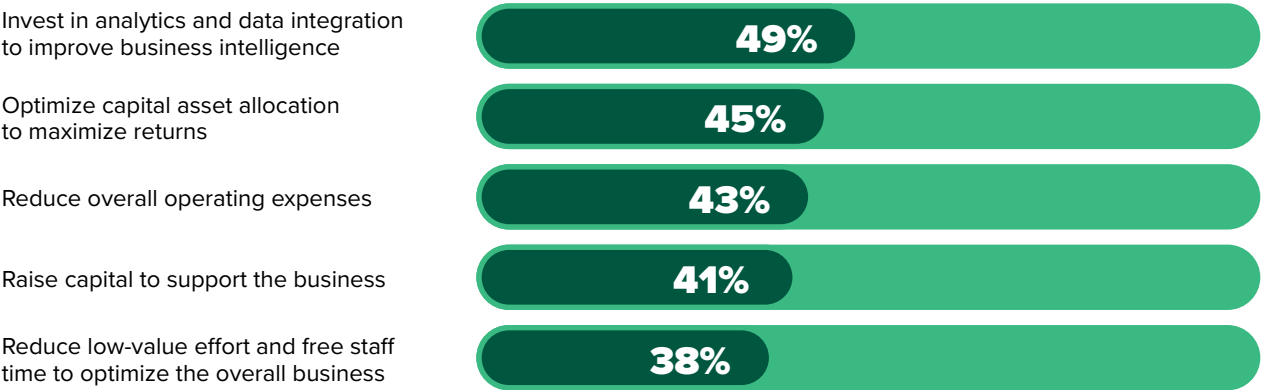
As 40% of respondents in this study are set to miss their revenue goals this year, finance teams are under even more pressure to help their organizations uncover cost savings (see Figure 1). At the same time, they can't lose momentum on transforming operations to drive efficiency and support overall digital business transformation. Yet making quick progress towards these goals is tricky; finance and accounting teams are still burdened with manual and inefficient tasks that prevent them from focusing on work to optimize the overall business. In surveying 407 finance operations technology leaders, we found that:

- **Top goals include finding time and cost savings and becoming better strategic partners to the overall business.** Finance teams are on the frontlines of keeping the business afloat — especially in times of economic uncertainty. Because of this, respondents seek to both optimize existing capital asset allocations (45%) and reduce overall operating expenses (43%). To further support their optimization goals and be better business partners, other top priorities include investing in better analytics tools and data integration (49%), raising capital to support the business (41%), and freeing up time for their teams to focus on more strategic, high-value work (38%).

40%
of respondents
are set to miss
their revenue
goals this year.

Figure 1

Top 5 Strategic Priorities For Finance And Accounting Organizations Today



Base: 407 finance operations technology decision-makers in North America
Source: A commissioned study conducted by Forrester Consulting on behalf of Ramp, May 2022

- **Manual effort is taking time and attention away from more strategic tasks.** Fifty-two percent of respondents report that their finance operations teams spend too much time on routine tasks, leaving them little bandwidth to flex their strategic-thinking capabilities. Their teams spend roughly 15% of their time on low-value, manual work; more complex tasks like financial planning and analysis require even more manual effort (17% of their time) (see Figure 2). It's possible that the total manual effort, adding in higher-value manual work, to be at least double these amounts. The amount of routine work in combination with manual effort leaves little time for higher-value or collaborative, cross-functional work, preventing organizational agility. Automation will target the low-value areas first, but will reduce all manual effort over time.

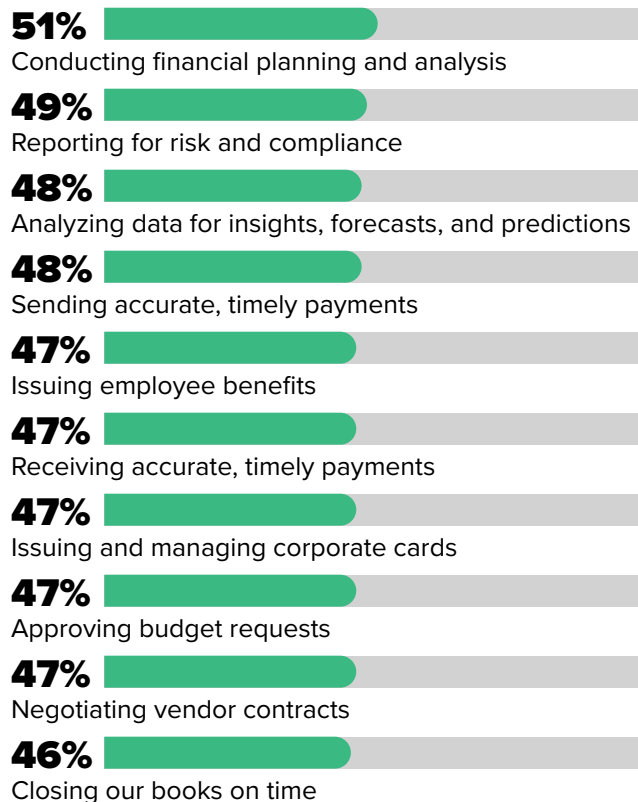
Figure 2

**Percentage Of Time
Finance And Accounting
Teams Spend On Low-
Value Manual Effort Tasks**

USE CASE	AVERAGE PERCENTAGE
Financial planning and analysis	17.0%
Account reconciliation	15.4%
Financial close	14.3%
Corporate card and expense management	14.1%
Contract analytics	14.1%
Audit	14.0%
Order-to-cash	13.9%
Procure-to-pay	13.9%

“How challenging does your team find each of the following operational tasks?”

(Showing "Very challenging" and "Challenging")



Base: 407 finance operations technology decision-makers in North America

Source: A commissioned study conducted by Forrester Consulting on behalf of Ramp, May 2022

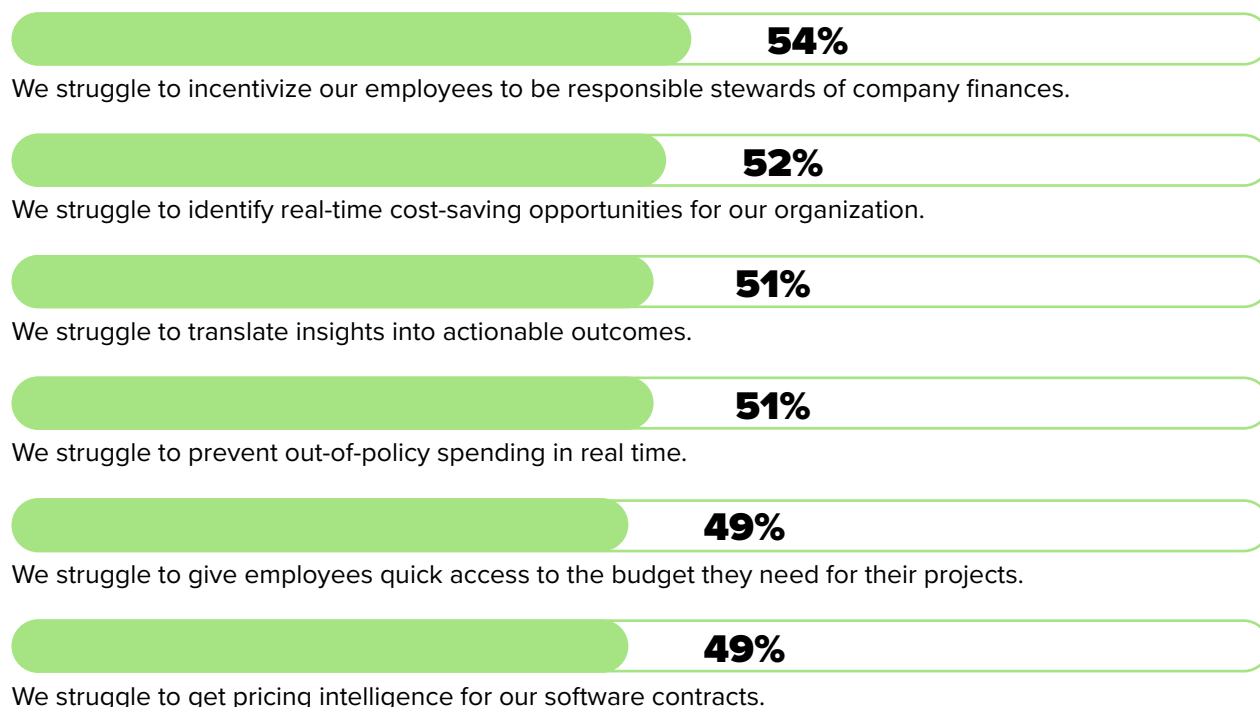
Finance teams have room to grow in removing friction from transactional and strategic tasks alike. Nearly half of respondents report challenges with everything from sending timely, accurate payments to closing the books and conducting financial planning and analysis. Over three-quarters of respondents report challenges with at least one of these operational tasks (see Figure 2). There is clearly room to grow in automating more tasks to help employees do their jobs.

- **Companies are missing immediate and strategic cost-saving opportunities and failing to retain and attract top talent.** Employee satisfaction, productivity, and retention suffer when their time is unnecessarily spent on manual and/or low-value work. Roughly half of respondents struggle to identify real-time cost-saving opportunities, translate insights to actionable outcomes, and gather pricing intelligence for their software contracts. With strategic tasks difficult to achieve, it's no surprise that 54% agree that retaining talented employees is a challenge due to the volume of low-value work. But respondents also struggle to manage employees outside of finance (e.g., incentivizing employees to be responsible stewards, giving employees quick budget access, preventing out-of-policy spending) (Figure 3). The implications of these finance and accounting challenges are poor employee recruitment and retention; human error leading to inaccurate reporting; missed cost savings opportunities; and increased workloads (Figure 4). Firms need to create a more digital environment to boost productivity and efficiencies and attract and retain employees.

Figure 3

Top Financial Challenges Organizations Face

(Showing “Agree” and “Strongly agree”)

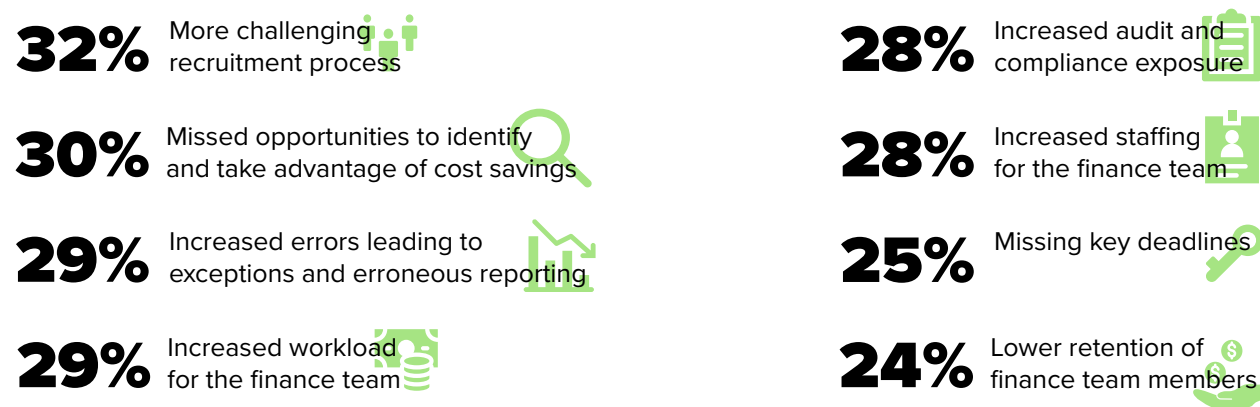


Base: 407 finance operations technology decision-makers in North America

Source: A commissioned study conducted by Forrester Consulting on behalf of Ramp, May 2022

Figure 4

“Which of the following issues does your organization face as a result of its finance and accounting challenges?”



Base: 407 finance operations technology decision-makers in North America

Note: Showing top responses

Source: A commissioned study conducted by Forrester Consulting on behalf of Ramp, May 2022

Poor Integration And Automation Cause Inefficiencies And Misalignment

To achieve their top goals of becoming better business partners and helping the business find cost savings, finance organizations must free up time for employees — inside and outside of finance — to focus on the work most valuable to driving the business forward. Yet this is easier said than done as it involves connecting data, systems, and processes touching every part of the organization. In our survey, we found that:

- **Finance decision-makers recognize the importance of integrated and automated tools for better efficiency and insights.** Fifty-nine percent agree their finance team needs integrated systems and tools to align finance teams and other employees for better efficiency, and 58% agree a fully automated finance platform is crucial for full visibility and insight into companywide spend (Figure 5).

Figure 5

“How much do you agree with the following statements about your finance and accounting technology?”

(Showing “Agree” and “Strongly agree”)



Base: 407 finance operations technology decision-makers in North America

Source: A commissioned study conducted by Forrester Consulting on behalf of Ramp, May 2022

- **Current processes and tools are outdated and not fully integrated or optimally automated.** Most respondents note their organizations' current tools lack critical functionality to help them achieve company goals (51%), while 50% of respondents' companies rely on legacy tools rather than modern ones. It should be no surprise then that finance and accounting systems and applications are not fully integrated for 54% of respondents' organizations, and 51% struggle to automate finance and accounting tasks (see Figure 6).

Figure 6

“Which of the following statements best describes the integration of all of your organization’s finance and accounting systems and applications?”

46%

Fully integrated

43%

Mostly integrated

11%

Somewhat integrated

Current Company Struggles With Finance Software



53%

Our company struggles to integrate disparate systems for a more holistic view of the organization’s finances.



51%

We struggle to automate our current finance and accounting tasks.



51%

Current finance tools lack critical functions we need to accomplish company goals.



50%

We rely on legacy software.

Base: 407 finance operations technology decision-makers in North America

Source: A commissioned study conducted by Forrester Consulting on behalf of Ramp, May 2022

- **This is causing inefficiencies and tension with the rest of the organization.** Finance has the opportunity to improve the day-to-day livelihood of not only its own team members but every other business partner throughout the organization. Many companies, however, are falling short as existing processes and tools introduce friction and position finance more as gatekeeper than trusted partner. Roughly half of respondents say existing systems pit employees against finance teams; that they struggle to create easy user experiences for finance and nonfinance employees alike; and that current tools waste the time of finance and nonfinance employees (see Figure 7).

Figure 7

Existing Finance And Accounting Tech Does More Harm Than Good

(Showing “Agree” and “Strongly agree”)

49%

Current finance workflows and tools pit employees against finance teams.

52%

We struggle to provide an easy user experience for finance teammates.

51%

We struggle to provide an easy user experience for nonfinance teammates.

52%

Current finance tools waste the time of finance team members.

51%

Current finance tools waste the time of employees outside of finance.

Base: 407 finance operations technology decision-makers in North America

Source: A commissioned study conducted by Forrester Consulting on behalf of Ramp, May 2022

Change Management Concerns Inhibit Automation Adoption

While the case for improved data integration and intelligent automation adoption is clear, finance leaders are slow to the draw for fear of causing too much disruption. Employees similarly fear that the introduction of automation will result in lost jobs (Figure 8).

While finance transformation must be thoughtfully approached, finance leaders must not fall into the familiar trap of change management paralysis. Being slow to evolve for fear of disruption will waste capital and employee time, hinder business growth, and only lead firms to fall further behind more agile competition. And while well-designed transformations improve employee experience (EX) — and often cause roles to simply evolve or new roles to emerge — this must be communicated clearly and empathetically to employees concerned about losing their jobs.

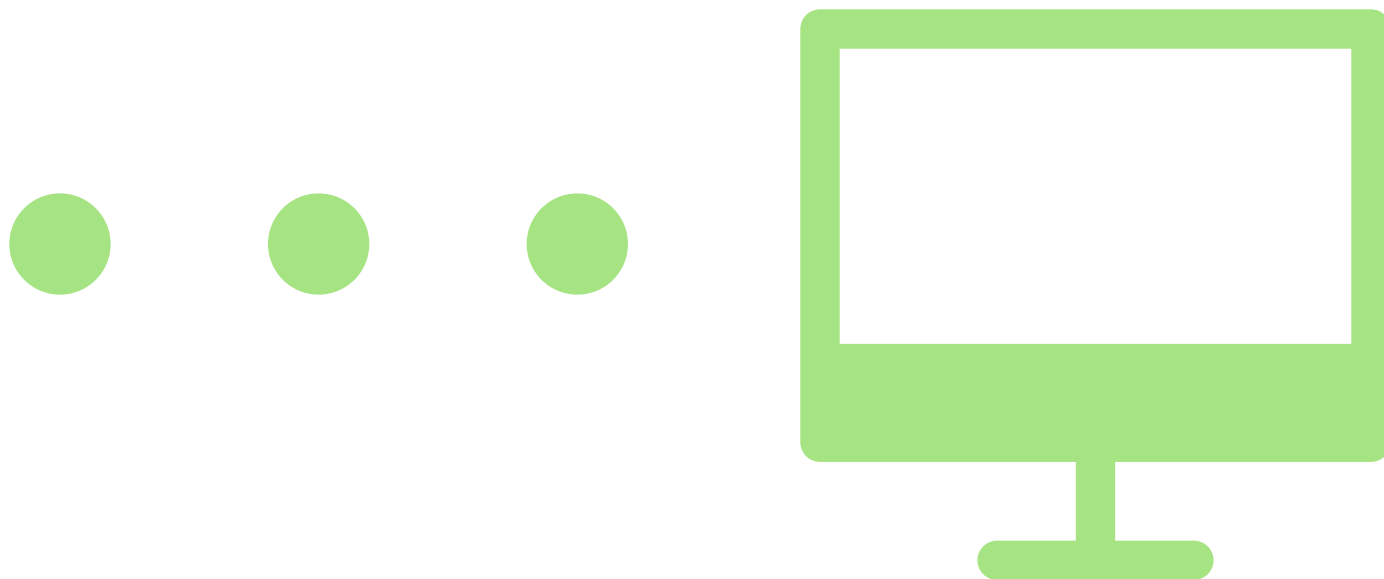
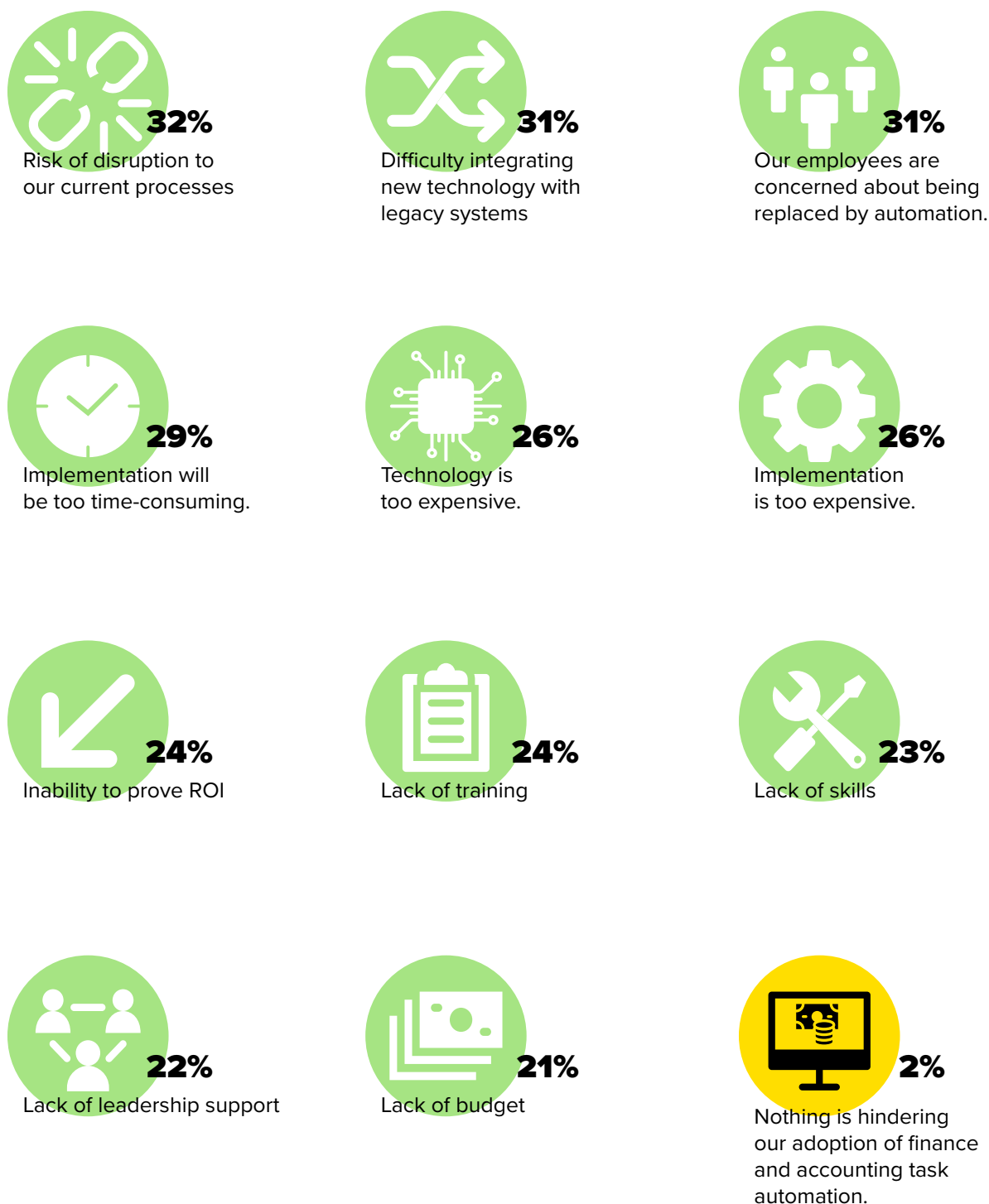


Figure 8

“Which of the following issues hinder adoption of finance and accounting task automation at your organization?”



Base: 407 finance operations technology decision-makers in North America

Source: A commissioned study conducted by Forrester Consulting on behalf of Ramp, May 2022

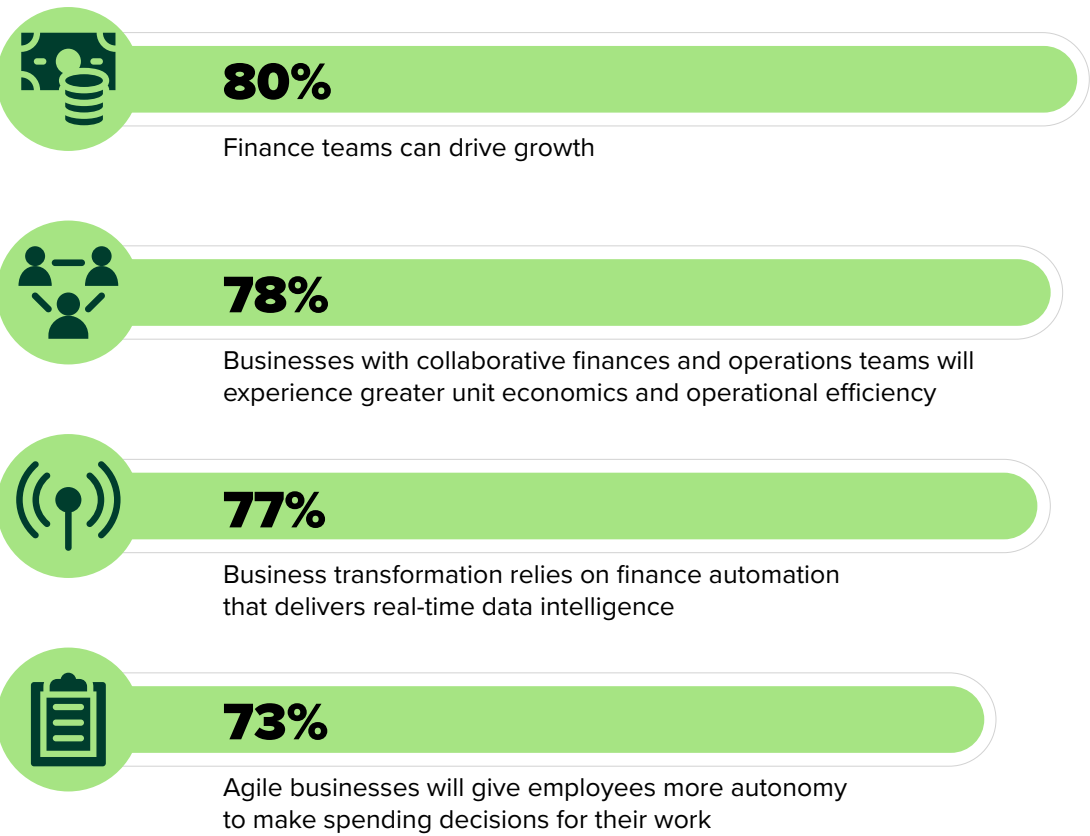
Strategic Automation Adoption Drives Operational Excellence

Moving forward, finance organizations have no choice but to set the example for operational excellence to the benefit of their companies and employees. To this end, we found that:

- **Decision-makers recognize that agility and efficiency defines a world class finance organization.** Successful finance transformation occurs when agility is a core principle. Respondents agree that successful organizations encourage collaboration between finance and operations, empower employees via more spending autonomy, and invest in automation that delivers real-time intelligence (see Figure 9).

Figure 9
Finance Teams Can Help Businesses Strategically

(Showing “Agree” and “Strongly agree”)



Base: 407 finance operations technology decision-makers in North America
Source: A commissioned study conducted by Forrester Consulting on behalf of Ramp, May 2022

- **Strategic finance automation adoption empowers — not replaces — employees.** Automation that is designed to adapt to people and elevate their experiences enables employees to focus on more high-impact work. Respondents agree that finance automation will free up time for the CFO to focus on value creation (79%) and allow finance teams to support the business as strategic partners rather than bottlenecks (76%). They expect finance automation to support decentralized spending without losing visibility and cost control (78%) (see Figure 10).

Figure 10

Expected Finance Automation Benefits

(Showing “Agree” and “Strongly agree”)



Base: 407 finance operations technology decision-makers in North America

Source: A commissioned study conducted by Forrester Consulting on behalf of Ramp, May 2022

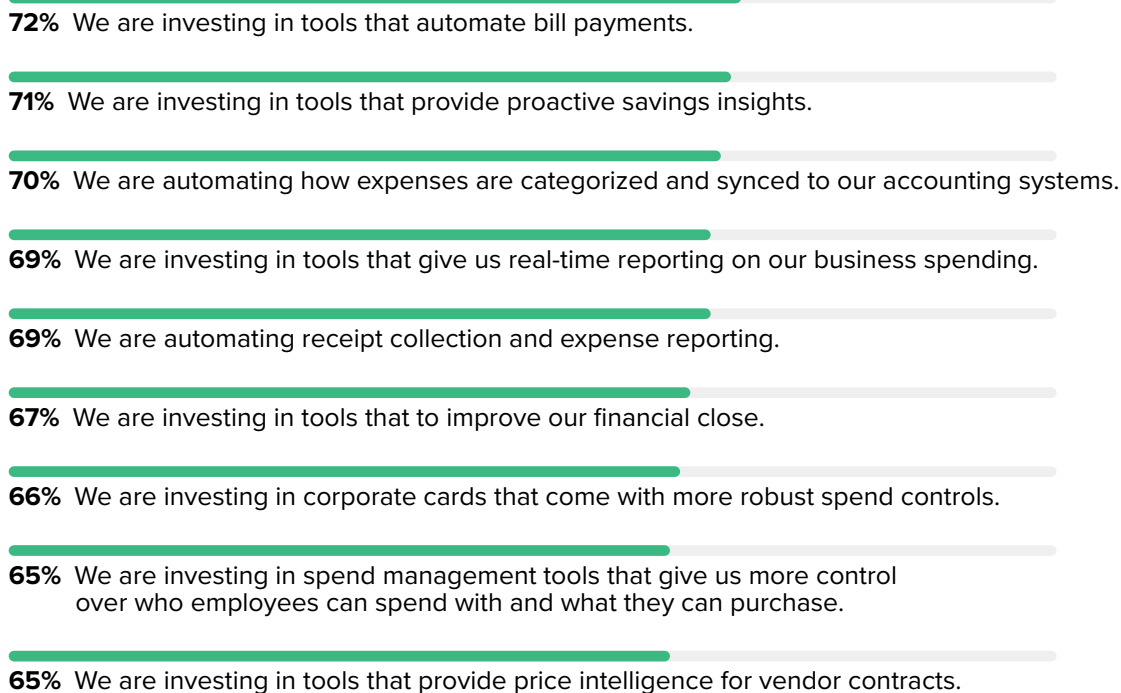
- **Finance leaders are already investing in intelligent automation that produces actionable insights and reduces low-value work.** Respondents' organizations are already automating routine tasks like bill payments (72%), expense categorization (70%), and receipt collection and expense reporting (69%). Many are also investing in intelligent automation to elevate strategic work; for example, tools that provide proactive savings insights (71%), real-time spend reporting (69%), and contract price intelligence (65%) (see Figure 11). Given the breadth of automation use cases, 74% of respondents prefer to invest with partners that provide a comprehensive suite of automation solutions. Integrated tools can provide a clearer line of sight to achieve more proactive savings insights and real-time reporting.

74%
of respondents
prefer to invest with
partners that provide a
comprehensive suite of
automation solutions.

Figure 11

Tools Decision-Makers Are Investing In

(Showing “We are currently using/in the process of implementing.”)



Base: 407 finance operations technology decision-makers in North America

Source: A commissioned study conducted by Forrester Consulting on behalf of Ramp, May 2022

- **Alignment and upskilling are crucial to a successful transformation.** With increased automation adoption and the general push towards a more collaborative way of working, employees' day-to-day work individually and collaboratively evolves. To ensure a smooth transition, respondents' organizations are dedicating resources to training employees on new tools and processes and aligning finance and operations teams to drive better efficiency. Moving forward, finance leaders are working to evolve roles and upskill employees accordingly as they shift energy away from low-value routine tasks to more high-value strategic work (see Figure 12).
- **Initial modernization efforts have already reaped integration, decision-making, and execution benefits.** From their initial investments in increased automation and better organizational alignment, respondents have seen better data integration across teams. They also have more confidence in their strategic decision-making capabilities and they're moving faster (specifically, they have closed the books faster).

Figure 12

“Which of the following is your organization investing in to modernize your finance and accounting practices?”

WE ARE DOING THIS TODAY.

41%

We are aligning finance teams and employees for better efficiency.

40%

We are training employees on new processes and tools.

37%

We are aligning finance and operations teams to drive better operational efficiency across the organization.

WE ARE INVESTING IN THIS IN THE NEXT 12 MONTHS.

40%

We are investing in upskilling finance and accounting employees' nontechnical skills.

34%

We are strategically evolving roles as automation supplements routine tasks.

34%

We are working with a partner to optimize automation.

Base: 407 finance operations technology decision-makers in North America

Note: Showing top 3

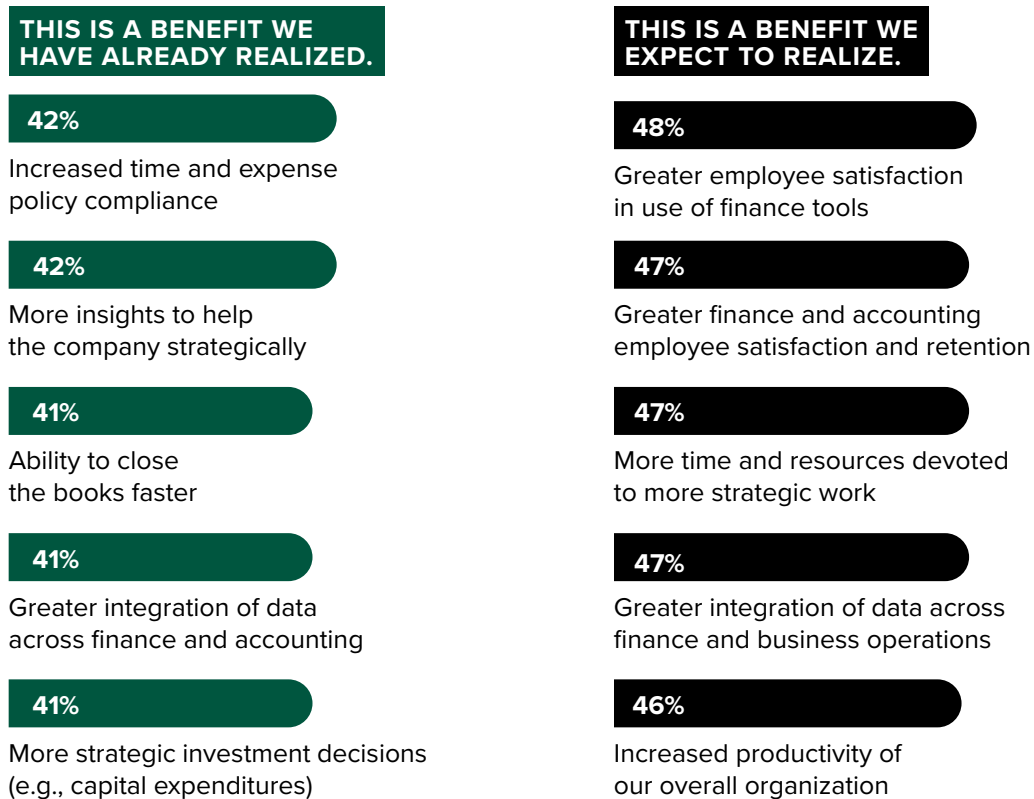
Source: A commissioned study conducted by Forrester Consulting on behalf of Ramp, May 2022

- **Moving forward, decision-makers expect modernization efforts will improve employee experience within and outside of finance.**

Respondents expect employee satisfaction will increase with the new tools at their disposal and the removal of routine work and unnecessary red tape, which they expect will ultimately result in improved employee productivity and retention (see Figure 13).

Figure 13

Experienced Or Expected Benefits From Modernizing Finance And Accounting Practices



Base: 407 finance operations technology decision-makers in North America

Note: Showing top 5

Source: A commissioned study conducted by Forrester Consulting on behalf of Ramp, May 2022

Key Recommendations

Enterprises have unique business and operational priorities. The ability to support investments in automation will vary as well. For example, you may not have the skills in auditing to embrace a machine-learning categorization of risk or the volume of invoices to justify intelligent document extraction. Seek to evaluate automation's applicability for your finance shop. To understand next steps:

Understand your automation maturity.

To meet the surge in demand for finance and accounting automation, enterprises will combine elements of DPA, RPA, and AI components. Find out which automation building blocks you are ready for.

Work to standardize process steps.

Many finance and accounting processes are fraught with unnecessary variation. Extra process steps, offline behavior, rogue spreadsheets, and personal shortcuts are common. Automation works best against standard and repeatable actions. Extensive variation in process will slow AI development in your shop. Process and task-mining tools are evolving to diagnose and standardize work patterns.

Use automation to decentralize employee spending.

Operations can be more efficient with greater autonomy for approved purchases. Automation can help. Real-time data can replace traditional approval workflows and provide needed flexibility to employees and operations.

Build change management into the project plan.

Automation has the chance to transform financial processes but often comes with human disruption. Training employees on new tools and upskilling employees that shift from low-value to more strategic tasks is required. Jobs are always a concern when automation is introduced: Don't assume all employees will be enthusiastic. They may be anxious about their ability to learn new technology and process steps.

Have your financial operations coordinate with your automation center of excellence.

Many enterprises have created automation centers of excellence or strike teams. Just under 10% of these report to the CFO's office, and they can help.¹ Encourage your financial operations team to work with them. The centers of excellence (COEs) will have a broad knowledge of other automation initiatives, and have access to subject matter experts (SMEs) and technology that may be applicable.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 407 finance operations technology decision-makers at organizations in North America to evaluate the state of finance and accounting automation adoption. Survey participants included senior-level decision-makers in finance and accounting roles. The study began in April 2022 and completed in May 2022.

Appendix B: Demographics/Data

COUNTRY	
United States	79%
Canada	21%

COMPANY SIZE	
50 to 99 employees	9%
100 to 149 employees	13%
150 to 499 employees	33%
500 to 999 employees	45%

TOP 5 INDUSTRIES	
Financial services and/or insurance	23%
Technology and/or technology services	17%
Business or professional services	14%
Manufacturing and materials	6%
Retail	5%

TITLE	
C-level	34%
Vice president	37%
Director	30%

DEPARTMENT	
Finance/accounting	100%

FINANCE TECHNOLOGY STRATEGY RESPONSIBILITY LEVEL	
Final decision-maker	95%
Part of a team making decisions	5%

Note: Percentages may not total 100 because of rounding.

Appendix C: Endnotes

¹ Source: “Best Practice For Automation Strike Teams,” Forrester Research, Inc., May 3, 2021.



FORRESTER®