

# Leveraging Digital Transformation in Financial Automation

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## Introduction

The pandemic created a new paradigm in business operations. Initially introduced as necessary steps to implement emergency practices and processes to survive the pandemic, companies had to adopt digitization and automation instantaneously. These practices are now paving the way to accelerated transformation and becoming the industry standard.

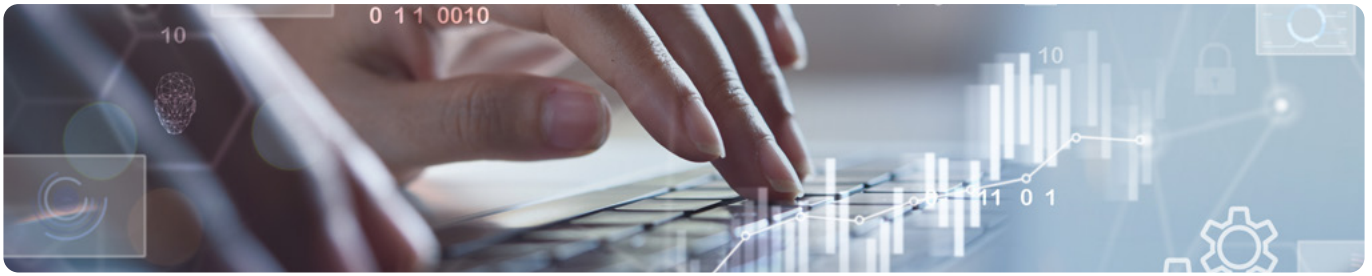
Although initially met with resistance across many aspects of organizations, digitization has demonstrated its ease of adaptation and use, resulting in widespread acceptance. The Office of Finance was traditionally resistant to digitization but has since embraced transformational technology and no longer deems it an aspirational goal. Instead, digitization is considered a requirement for building resilience, potentially connecting the whole organization like never before, and is paving the pathway for future best practices for ongoing, forward-thinking operations.

However, despite the newfound embracement of automation, technological solutions, and process improvements, the Office of Finance is still typically siloed from other company operations. While CFOs have long recognized the need to improve efficiencies across the

Record to Report (R2R) process, and organizations have improved efficiencies, the process for all finance-related matters still gets significantly bottlenecked when it has to extend outside of the Office of Finance.

Rarely is there a process that occurs entirely within the jurisdiction of one team. The synergism of the Finance department is needed across the whole company and is critical to the enterprise's success, and must have the same level of connection as other departments, such as IT, HR, Legal, and Procurement. If not, processes will cease to deliver quickly enough, causing delays, increased risks, and money lost.

Extending traditionally siloed processes and controls beyond the Office of Finance into the broader organization will better inform business decisions and reduce risk. But to truly achieve transformation, it is imperative that operations are conducted in a connected, collaborative ecosystem and should not only communicate critical financial data and status across the enterprise. Instead, details gathered will inform R2R activities, and digitization must replace inefficient manual communication and tracking methods.



## Financial Digital Transformation

In a world racing to complete technological metamorphosis, the Fourth Industrial Revolution is coalescing the physical, digital and biological spheres which are fundamentally altering the way we live, work, and relate to one another. Evolving at an exponential pace with no historical precedence, this revolution is disrupting every industry across the world by transforming both internal and external operations. Whilst the pandemic ignited a seismic shift that forced everyone, all at once, to adapt to a new technological world, a rare opportunity for change was induced.

Two years on, humans have welcomed the technological shift and are now operating automation, for the most part, with confidence. However, with accelerated technology advancements and solutions available at low costs, change is no longer confined to either external or internal. Today, if companies fail to transform their entire organization both internally and externally at the same rate of tech evolution and consumer demands, the potential for future revenue recedes. Ultimately, speed is crucial, and in today's competitive and unforgiving race to win customers, it may well be the survival of the fastest.

Adopting a holistic approach to financial management through a digital landscape and innovative technology can reap significant

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benefits from improved efficiencies to reduced errors, accelerated processes, optimized workforce allocation, and tangible financial gains. True transformation, however, is only achieved when end-to-end augmentation of operations, methodologies, and business practices operate as a whole - which is a challenging endeavor.

Real-world scenarios of financial transformation that have already delivered significant value over traditional methodologies include:

- Digital dashboards,
- RPA for onboarding in financial institutions,
- Foreign currency analytics,
- Compliance control systems, and
- AI-powered predictive analysis.

By utilizing real-time data visualization, teams can identify the performance impact of sales, which enables retail houses to alter their stock accordingly. Mundane and repetitive processes such as data entry for new customers

can be replaced by deploying RPA to achieve quicker processing, reduced human error, and free the workforce to perform more meaningful, analytical tasks. And digital analytics can help identify foreign currency patterns and account for fluctuations which result in more accurate predictions for budgeting, business assessment, and counteract extreme exchange rate volatility.

Compliance is a huge concern for the Office of Finance as regulations grow increasingly complicated with more significant penalties. Deploying an automated control system with a powerful algorithm can validate data and ensure integrity faster, offer more transparency, and use fewer resources. Patterns and processes identified through machine learning and AI automatically eliminate nonpayers and fraudulent parties. Once identified, the digital tools preemptively avoid transactions and ensure disagreeable entrants don't pollute the customer base.

# Challenges stunting the Office of Finance performance

In 2020, companies worldwide invested [\\$1.3 trillion](#) in digital transformation. Yet, whilst the tech and funds are available, why are [70% of all transformation](#) missions missing their goals? Common pitfalls often include a lack of employee engagement, poor or nonexistent cross-functional collaboration, inadequate management support, lack of accountability, and a failure to reset mindsets and behaviors to sustain the transformation impact.

Without automation, the Office of Finance's potential for inefficiency is exponential. The risks presented by unstructured data, disconnected processes, and multiple ERP systems threaten operational speed and stability. Whilst most operations should be touchless and seamless, numerous factors and exceptions in traditional processes cause delays. Simple procedures are often overly diversified and in conflicting formats, and there is a generalized lack of standardization even within a single business.

Manual operations act as a substantial roadblock in the finance department. There is an increased risk of human error due to fatigue and natural inaccuracies, significant time is lost conducting due diligence and structuring data, and results are seldom real-time. Since the creation of the spreadsheet in 1979, the Office of Finance has relied on its capabilities for most tasks. However, because spreadsheets cannot grow with the organization, the number of documents increases and accumulates into a disorganized mess, making search and edit processes cumbersome, inefficient, and cluttering workflow among the entire finance and accounting team.

In 2022, approvals are still typically conducted over the phone or via email. Accountants spend inordinate amounts of time updating finance leadership on the R2R - instead of completing the tasks within it - and the inherent lack of visibility and control in the spreadsheets increases compliance risk, unnecessary stress, and anxiety across the whole team. Standardizing a typical spreadsheet may alleviate some inefficiencies, but entering the adjustments can be complicated, time-consuming, and require a specialized skill set. By deploying automation, users have recorded [up to a 75%](#) reduction in the time it takes to



prepare and review journal entries for the preparer, a 76% reduction in fraudulent activity, and a revenue impact due to misstatements improved by 14%.

Delivering transformation without sacrificing risk management is imperative. Manually checking data increases the organization's risk considering the limited time given and significant time needed. Utilizing solutions such as Risk Intelligent RPA allows companies to input their personalized concept of risk and develop organization-specific rules. Then tasks can be classified according to their risk preset and gain access to a clear audit trail - saving the auditor time from explaining what happened, when, and why.

The Office of Finance is subject to multiple challenges, and in response, numerous buzzwords have surfaced. In 2022, the goal is to decipher which jargon is simply a marketing ploy and which will truly revolutionize the - at times - archaic industry process. As we move into an era aptly dubbed The Great Resignation, organizations must learn how to entice, retain and nurture a young, talented, and digitally-native workforce. Finance talent models have evolved quickly, with a premium placed on data scientists, business analysts, and storytellers, representing a dramatic shift in finance requirements.

# The Future of Finance is Digital

Automation is changing the finance game. Proven to reduce time spent on high-volume tasks whilst reducing the risk of reporting errors and misstatements, digitization of finance comes in multiple formats. Organizations need to understand the salient tools and technologies that are helping to transform financial practices.

**Blockchain:** a tech solution that distributed ledgers use to make transactions secure and data reliable. Blockchains enable digital, real-time contracts, faster operations, and reduced costs for maintaining a central database. As integration and governance improve, blockchain is transforming the F&A process.

**Real-time data visualization** ensures that data sharing and trends between stakeholders are conclusive and up-to-date through cloud-based data lakes and intuitive software architecture. This solution eliminates guesswork and enables critical decisions without concerns for data accuracy.

**Robot Process Automation (RPA):** eliminate mundane, repetitive tasks with preset variables executed by software robots instead of people. Simple activities, including data entry, can be converted to RPA, allowing staff to utilize their talents in more dynamic, meaningful ways that require human intelligence and flexibility.

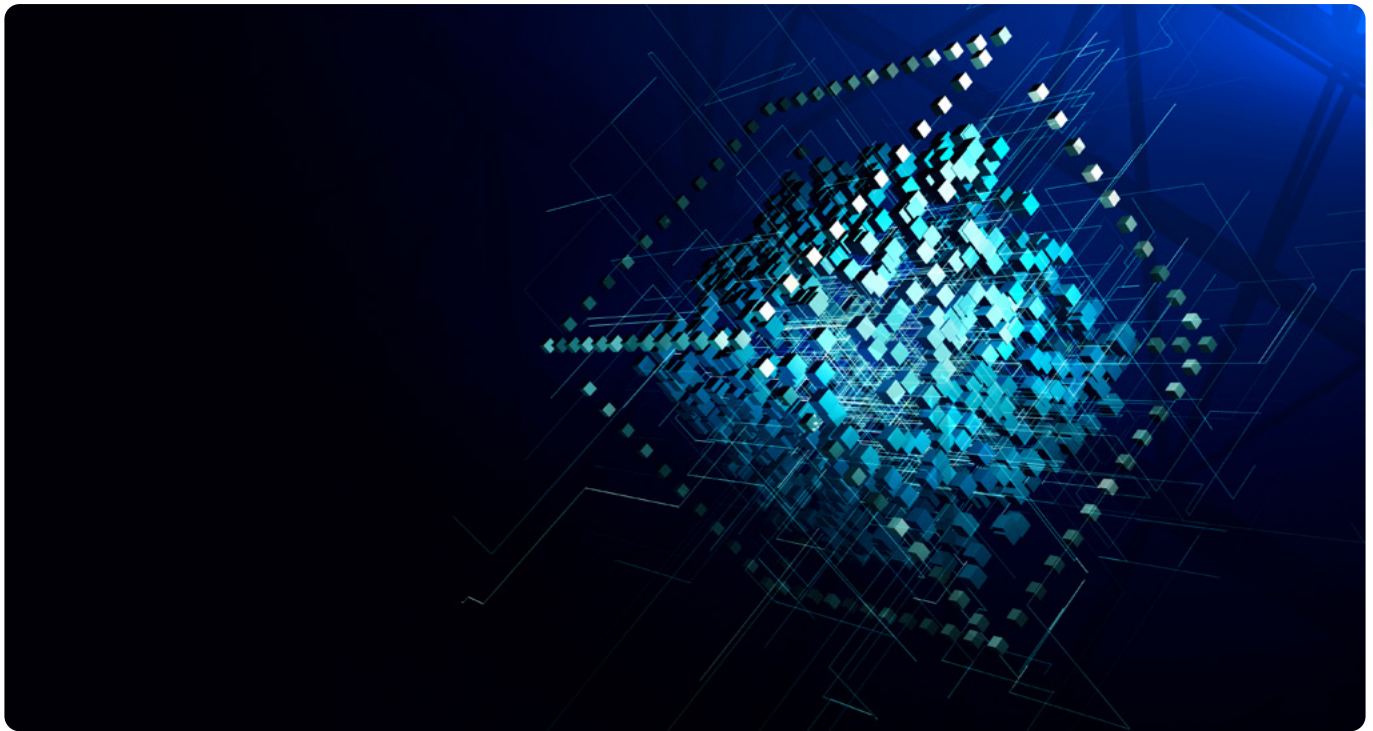
**AI-supported analytics for decision making:** conducting data analytics based on data mining without the aid of technology can be tedious, exhausting, and with too much room for error. AI can help identify gaps, measure expenses, and forecast based on numbers - rather than emotion - to optimize the entire business process.

**Cloud-based software:** offers flexibility, scalability, and performance while optimizing costs, improving governance, and allowing remote workers immediate access to databases and records previously restricted to on-premise only systems - which proved inflexible during critical and high-demand phases of business - for example, a pandemic. Companies such as [Trintech](#) are changing the finance game. Trintech is the leading provider of Financial Corporate Performance Management (FCPM) software and provides reliable technology solutions that empower large enterprises.

**Optimizing the Record to Report process:** Collecting, processing, and delivering relevant, timely, and accurate information is vital to understanding the businesses' performance, making The Office of Finance responsible for influential and consequential tasks with a future focus. The Trintech tool allows finance officers to take control of their entire R2R process by weaving all R2R activities into a single, seamless action. Boasting the world's only System of Controls (SOC), Cadency operated from a single, coherent platform.

**Automating reconciliation and account balancing:** The reconciliation process often involves too much volume, time, and manual processes, resulting in inefficient workflows and a lack of visibility that stymies teams. Organizations can save time, reduce risk and grow their business with automated solutions such as Trintech. CFOs can reduce their Bank-to-Book reconciliation efforts from weeks to days with the matching algorithm that electronically pairs data and reconcile accounts, transforms high-volume transactions into automated processes, and offers advanced tools and visualizations for reporting and management.





## Case Study: Volt Bank Reduces the Time and Cost of High-Volume Transaction Matching with Automation Technology

Australia's first neobank, Volt, is on a mission to help people develop positive financial habits and be masters of their own money. Declaring themselves non-traditional and identifying as a banking-as-a-service organization, Volt is committed to continuous innovation and improving processes and systems - both internally and externally.

Understanding the importance of implementing leading technology to help scale their business and empowering their people, in 2020, they decided to implement Cadency® by Trintech. Facing too many highly-manual reconciliation processes, a lack of visibility and control over their financial close process, Volt opted for a phased approach when deploying Cadency and began by automating their high-volume transactions.

The project aimed to improve efficiency and accuracy during the reconciliation process, gain full visibility and control of the close process and reduce time spent on the month-end close. Volt Bank was determined to improve its return on investment by utilizing real-time dashboards to save time throughout the month-end close and improve morale and productivity across the accounting team.

Trintech's tools proved instrumental in helping automate the bank's high-volume transaction process, manage overall risk and standardize controls. Volt was happy to report a significant saving of time and effort spent manually matching and reconciling their accounts, with greater confidence in the reported numbers.

Once Volt Bank began to see the initial benefits of Cadency Match and trusted the reconciled data, they started to explore expanding the usage of Cadency to gain additional value. "Trintech helped us develop a Smart Bot within Cadency that now helps manage billing verification by using information already derived from the reconciliation processes to validate fees being charged," said Manuel. "This has been a significant time-saver for us."



# Say Goodbye to Spreadsheets

Automation relieves the arduous task of gathering information from hundreds of accounts across multiple spreadsheets. [DATAflow](#) by Trintech eliminates the data acquisition burden by automating daily retrieval, aggregation, and delivery of financial data. The tool automates error detection and problem resolution, supplies 90-day historical data insights, aggregates data into a single file, and is compatible with most financial systems.

## Close faster and with confidence

Creating an accurate snapshot of the organization's financial health can become convoluted, regardless of the company size or financial sophistication. Whilst closing the books on the preceding month, quarter or year is final, for organizations with real-time systems, the analysis can be ongoing. The financial close process requires speed, quality information, and complete data sets across disparate systems. However, teams are often operating remotely and are under-supported, creating more space for human error. Trintech provides financial close and reconciliation software that automates and streamlines workflows, improves accuracy, and reduces risk from beginning to end. Seamlessly integrating with most financial systems, the Adra Matcher allows financial teams to complete tasks, create tailored reports and dashboards, and highlight opportunities for improved performance.

## The crucial role and new demands of the CFO

The CFO's role has transitioned beyond traditional book-keeping and cost management to strategic, forward-focused business planning with ownership for all levels of risk management. The CFO plays an important role in the success of a businesses' digital transformation, but they must first adhere to the playbook. First, they must create a partnership between the CIO to identify which areas are relevant for shareholders, then they must quantify the true benefits of the proposed transformation, from costs to profits and risks, and finally, they must sponsor the project and be the beneficiary by internally vocalizing support to encourage faster digital adoption.

The focus of the finance office must transfer from accounting spreadsheets to acting tactically with a clear strategy. As the role of the CFO evolves, a new set of challenges emerges. No longer are CFOs only built with necessary strategic and financial analytical skills. Today, organizations need compassionate leadership, digital fluency, and a leader who prioritizes continued learning with career development to ensure a high-performing finance team.

The CFO must position themselves to lead their organization into the future and be a prominent voice that provides valuable, strategic insights. As organizations cultivate a new culture with updated qualities from communication to being continually aware of social issues, the CFO must ensure they display empathy and ensure that standards are prioritized both from a budget and cultural perspective.

As a new generation enters the workforce, fresh demands are placed on managers to attract, retain, and continually develop talent. As automation and technology continue to advance at exponential speeds, the requirement of job roles will be ever-changing. Work-life balance and mitigating employee burnout remains a top priority for both employees and employers, with leaders encouraged to invest in team growth and development. CFOs must go beyond closing the books and pre-strategize how to up-skill workers to ensure quality performance for both the company's benefit and the employee's sense of achievement. But - as remote work continues to normalize, CFOs are no longer confined to discovering talent within their zip code. Now, they can narrow their search criteria and seek candidates that fit their strategy.





# How People, Process, and Technology Contribute to an Efficient Financial Close

In Conversation with **Fintan Diviney**, Director, APAC Trintech

## 1 The close process is known to be highly stressful and miserable. Has the much reported 'Great Resignation' exacerbated the challenges?

"The Great Resignation" – has caused organisations to examine their own pay, benefits, and employee satisfaction levels – including how they can solve these issues. A report was released that investigated the working individuals that didn't quit their jobs

Most notably, the study found:

- a 13% of employees said their organisations didn't meet their needs. These individuals were burned out, angry and very likely to leave.
- a Only 18% felt a strong sense of personal accomplishment at work, and disconnected employees are eight times less likely to recommend their organisation as a good place to work.
- a The scrutiny caused by The Great Resignation is expected to continue through 2022. Employees are an organisation's greatest resource and an essential component of its success.

If organisations want to be successful, they will need to find ways to meet employee expectations and create sustainable work environments whether it's in-person, virtual or hybrid.

## 2 How much of manual data management is necessary for the close process?

5% is what could be said as necessary and 95% to be automated.

- a Why are people still manually managing data?

Many accountants tend to stick to the motto "if ain't broke, don't fix it" when it comes to the financial close. However, just because finance and accounting (F&A) teams put in extra hours and Herculean team efforts to scrape by with their traditional account reconciliation process steps doesn't mean they should.

In fact, with spreadsheets and manual processes, many organisations find themselves enduring common challenges of reconciliations that are simply inherent to the tools they're using.

## 3 What are some of the biggest time issues when it comes to completing the close process?

Manual process and lack of workflow associated with manual systems. Knowing where you are in the process and the ability to rate most critical tasks.

## 4 How can technology help?

- a Quality and Consistency: Every action is performed identically, reducing the potential for errors.
- a Time savings: Reduces the number of tasks you and your employees have to perform manually.
- a Improved efficiency: Cuts down on errors and standardises best practices.
- a Improved governance: Minimises compliance risk because every action executed by the software is logged and thus auditable.
- a Reduced costs: Accomplish more using fewer resources.
- a Scalability: Eliminates manual processes that won't reliably scale as your business grows.

## 5 How much training is required to use these tools?

Anyone with basic accounting skills and knowledge of spreadsheets can use the tool.

## 6 What process preparation is needed to ensure smooth implementation?

Ensure you document the existing process and eliminate any existing deficiencies' ahead of implementation.

## 7 How can these tools fit into a broader enterprise strategy?

These tools help you take on digital transformation in the office of finance, move to cloud based solutions leveraging exiting ERP investments.

## Conclusion

The pandemic combined with technological advancements, competitive pressures, changing business landscapes demanding real-time intelligence, and the Great Resignation heralded the most accelerated change in workplace practices since the invention of the desktop. But change perpetually equates to risk, which incites caution and skepticism. In a department historically recognized for rejecting transformation, the Office of Finance has long believed in traditional practices that still "sort of" function - but at what cost?

Automation alleviates pain points from both a process and employee satisfaction perspective. As companies evolve and the retirement age increases, organizations must address the generational clashes of culture, ideologies, and approaches. Whilst Boomers have experience, Gen Z-ers are highly educated, digitally native, and obsessed with producing "meaningful work" - making them resistant to menial, manual, repetitive tasks. Those in leadership positions must be tech-literate, have knowledge of different platforms and visualization tools, and have sufficient competencies required for digital finance functions.

Outdated practices are proving too costly to ignore. But operational risk, clunky legacy systems, and pain associated with overcoming the hurdle of implementation are simply delaying the inevitable. Now is the time for leadership, automation, digitization, workplace restructuring, and updated employee skill sets. We're entering a new world that favors the brave!

## About Trintech



Trintech software fulfills the need of finance professionals because we are finance professionals. And it shows: Over 3,500 mid-sized companies and large enterprises across 100+ countries, including the majority of the Fortune 100, rely on Trintech solutions to help streamline high-volume transactions and GL account reconciliation, manage their journal entry process, speed up their month-end close, and ensure regulatory and other compliance efforts. We've built the most complete, most powerful software solution portfolio for finance organizations in the industry. Whether you're a large enterprise or a growing business, Trintech has you covered.

<https://www.trintech.com/>

## About SSONetwork



The Shared Services & Outsourcing Network (SSON) is the largest and most established community of shared services and outsourcing professionals in the world, with over 170,000 members. Established in 1999, SSON recognized the revolution in support services as it was happening, and realized that a forum was needed through which practitioners could connect with each other on a regional and global basis.

SSON is a one-stop shop for shared services professionals, offering industry-leading events, training, reports, surveys, interviews, white papers, videos, editorial, infographics, and more.

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