

Automation - Opportunity or extinction for finance professionals?

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According to McKinsey Research, while few occupations are fully automatable, 60% of all occupations have at least 30 percent technically automatable activities. 40% of transactional accounting work is expected to be automated by 2020 and predicted to touch 230 million workers (9% of the global workforce).



Dr. Sara Bux, acting Regional Vice President – CIMA Africa

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The Fourth Industrial Revolution

Technologies such as robotics, artificial intelligence and computer algorithms are taking over basic routine functions and providing companies with more information and data on their customers. Companies now need to figure out how to utilise financial and non-financial information in an accurate and holistic way to drive their strategy and be forward thinking. This will open up opportunities for finance professionals to redefine their roles as business partners and value creators.

The future of finance

Finance professionals need to embrace digital technology to ensure that their contribution to their employers appreciates rather than depreciates, says The Chartered Institute of Management Accountants (CIMA).

"To thrive in our new digital era, finance professionals need to be taught digital intelligence to understand how to leverage technology to create value for the business," said Dr Sara Bux, acting Regional Vice President – CIMA Africa. "Finance is being redefined in terms of an increasingly digital world, but we see this as freeing up time for financial professionals to be more productive. In a nutshell, they will have the time to make strategic decisions when repetitive tasks can be handled digitally."

Digital agility

The Future of Finance research, conducted by CIMA, reveals there is an immediate need to take on new competencies. It states that businesses are being redefined by the A-E of finance: Automation, block chain, cybersecurity, data analytics and everything else that surrounds them. To survive and succeed, financial professionals need to be digitally agile. CIMA's role is to ensure management accountants are equipped with the necessary skills to stay abreast of change and walk beside their members on the path of the technical revolution.

Labour-intensive data collection

It is not surprising that within a company's finance function, accounting roles are considered to be at significant risk of automation. Historically, much of the work has involved the gathering, preparation and processing of financial data which is labour intensive, repetitive and time consuming.

This makes understanding and using automation an essential skill for finance professionals to operate in an increasingly digital and agile environment.

Automation describes an action that's conducted independently of human intervention. We're already in the age of computer-enabled automation – and exciting new forms, enabled by cognitive computing, are on the way. The term Robotic Process Automation (RPA) may sound as though it's about replacing people with androids – robots that resemble humans. But in reality, the 'bots' in RPA are more like the Macro facility in Excel.

Much of the automation occurring in these professions focuses on this process. RPA is used extensively in reconciling costs across business departments which allows for the relevant data to be captured from these disparate sources without the need for employee intervention.

Forecast generation - significantly quicker

By implementing computer code that can access the relevant sources, recognise the appropriate information and copy this into the master file, the time is radically reduced to reconcile costs. Not to mention improving the accuracy of data. One technology company's automated process generated forecasts in four work days a year as opposed to 16,000 hours when tackled manually.

Does the evolution of finance constitute a threat?

Businesses grapple with geo-political and economic changes, as well as rapid digitisation, with finance professionals at the frontline. Faced with such staggering efficiency, should finance professionals view automation in the profession as a threat to their livelihoods?

According to the CIMA research, there is an opportunity for robots and humans to work together to achieve a common goal by streamlining processes. Bots can be part of an integrated workforce, working alongside people to take over relatively simple tasks and enable people to spend time on higher value activities.

Opportunity knocks

Technology is bringing change at an unprecedented speed and scale. Organisations must constantly enhance their capabilities to seize new opportunities and remain viable. The changing environment represents a huge opportunity for them to go beyond their core technical comfort zone and embrace emerging technologies to deliver value across their organisations. Finance professionals' focus should be on areas where machines and humans can work alongside each other, such as programming and oversight and then areas where humans are irreplaceable, those requiring empathy, creativity, discretionary judgement and leadership.

Future fit for finance

"Management Accountants have a critical role to play in developing the digital strategy that will be essential to the ongoing success of their organisation," says Edward Brooks, founder of the RPA Academy, a leading global institution providing RPA training. 'The first step in the process is to fully understand where their finance function is in the technology adoption journey and what the most likely disrupting technologies are for their business.

"They need to learn how RPA is transforming businesses and understand how it can provide a significant competitive advantage as well as the general impact of RPA to strategy and implementation of the leading RPA platforms: Blue Prism, UiPath and Automation Anywhere. All this while addressing the cultural shift needed to overcome the 'fear of robots' and the critical role human intelligence plays to ensure a successful strategy."

Changing skills and mindsets

If the past is any guide, the Fourth Industrial Revolution will not spell extinction for the finance professional. Those who embrace technology, develop the appropriate skills, are open to change and willing to adapt can focus on adding value to the business and capitalise on the wave of innovation.

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