

Filling in Automation Gaps in Finance and Procurement



A new survey of 1,000 finance and accounting professionals reveals how much work still needs to be done on the automation front.

The COVID-19 pandemic disrupted finance and accounting departments across most industries, forcing many to rethink their operations and approaches. The subsequent supply chain shortages, persistent labor constraints and other trailing factors had a similar impact, but not quite enough to significantly move the digital transformation needle.

In its *2021 State of Finance Report: Digital Transformation & Business Disruption*, Esker paints a picture of a business landscape that worked quickly to use technology to patch the holes when COVID emerged, but then may have backed off from fully embracing automation for financial and accounting management. These insights apply directly to the procurement department and the suppliers and partners that it depends on to ensure good sources of supply.

Specific to procurement, Esker says that digital transformation of procure-to-pay (P2P) and order-to-cash (O2C) functions have been on finance leaders' radar for years now. Still, it says that many companies have looked at automation initiatives as something to be executed in the future.

"[When] the pandemic blindsided organizations and supply chains around the world, those that had procrastinated pushing automation initiatives were kicking themselves," the company points out. "Their paper-based processes made it almost impossible to continue operations in the midst of worldwide stay-at-home orders."

The Need to Automate

With the need for digital transformation of financial processes continuing to rise in a post-pandemic landscape that's dependent on strong cashflow and organization-wide efficiency, Esker's report revealed that:

- 80% of the professionals whose company has automated their cash conversion cycle say it has made their business more efficient and successful.
- 76% say their company does not have the technology needed to maintain performance standards should something force people to work remotely again.
- 76% of respondents reported suppliers and partners are critical for the survival and growth of their company.
- 83% of businesses had to digitize previously paper-based processes when COVID forced finance professionals to work remotely.
- 99% of respondents reported that some of their customers went out of business during the pandemic.
- Only 20-23% of companies have automated their vital financial systems. Here's the breakdown:

- 20% have automated payment management
- 20% cash application
- 20% accounts payable
- 22% order processing systems
- 22% deductions
- 22% procurement
- 22% supplier management
- 23% credit and collections management

The survey also found that 78% of finance professionals believe employees make mistakes when using manual processes, including lost documents (69%), compliance breaches (68%) and reduction in employee productivity (65%). “We wanted to conduct this survey to shed light on how damaging paper-based systems can be on business efficiency, performance and even staff morale,” said Esker’s Emmanuel Olivier in a [press release](#).

“This data shows that finance professionals at every level clearly see the glaring problems spurred by lack of digitization in their organizations and want to automate their systems to avoid the potentially devastating effects of errors,” Olivier continued, “but there’s a substantial disconnect between desire and deployment.”

The Crystal Ball

Acknowledging that corporate budgets are tight right now and that automating finance functions isn’t cheap, Esker says many businesses simply can’t afford it. “Heavily investing in new technology in an uncertain economy can be daunting,” it points out, “as many finance leaders are already struggling to maintain enough cashflow just to cover basic operations and debt amidst the economic slowdown.”

Despite this obstacle and the fact that some companies have reined in their finance-related digital transformation efforts, Esker says one thing is for certain: Paper will soon be out of the picture. “The time for digital transformation procrastination is over,” it says. “Those who embrace financial automation now will have the tools and technology they need to survive and even thrive in the future, as unpredictable as it may be.”