

basware

Simplify Operations. Spend Smarter.

WHITE PAPER

3 DISRUPTIVE TRENDS
SHAPING THE
FUTURE OF FINANCE
& PROCUREMENT



EXECUTIVE SUMMARY

Disruption – no doubt you've heard this buzz word a lot in recent years. Our ways of doing business are being disrupted everywhere we turn by digital revolution, and back office functions like finance and procurement are impacted. Processes related to Purchase to Pay (P2P) have undergone – and will continue to undergo – significant changes, and new trends are cresting over the horizon, promising to bring more innovation ashore.

But what does that mean for YOU in your role as a finance or procurement professional? It means now is a great time to prepare for life post-disruption when these mega trends become the new normal.

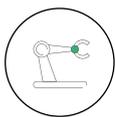
Start with this paper and learn how artificial intelligence (AI) and robotic process automation (RPA), predictive analytics and blockchain technology will influence the future of finance and procurement, and what you can do now to be ready.

INTRODUCTION

AI, robotics, big data – it sounds like some futuristic movie you saw in the 90s, but these innovative technologies have arrived and are impacting business today. Organizations are looking to harness the power

of these advancements with applications that maximize speed, efficiency and accuracy in processes and arm decision-makers with critical information to drive competitive advantage and minimize operational risk.

This paper focuses on three mega-trends and predicts their influence on the future of finance and procurement:



ARTIFICIAL INTELLIGENCE AND ROBOTICS

are re-inventing the dynamics of the AP department



BUSINESS PLATFORMS

supporting automation are the foundation for predictive analytics



BLOCKCHAIN

will improve data accuracy and may eliminate the need for third-party audits

1. ARTIFICIAL INTELLIGENCE AND ROBOTICS ARE RE-INVENTING THE DYNAMICS OF THE AP DEPARTMENT

AI has been steadily evolving with major improvements over the last few years. Today we are surrounded by AI-driven technologies which are often quite subtly trying to help or influence us, for example, suggesting what we might want to read, watch, hear, or purchase – silently aggregating transactions and making assumptions based on trends. We are beginning to see task assistants and associate systems that, with the right interface, allow humans to delegate work to a computer.

Finance is just the latest in a series of business functions being affected by the rapid increase in the use of AI and RPA. A range of solutions for automating accounts payable (AP) have been progressing over the past 30+ years already, minimizing the need for a large staff of AP clerks. The figure below shows the rapid advancements in technology in this function over four generations. Solutions have evolved with increasing degrees of process automation and RPA will continue to incorporate types of AI, such as machine learning, to assist people in completing tasks and making decisions.

THE EVOLUTION OF AP TECHNOLOGY

1ST GENERATION INVOICE PROCESSING:

Manual coding & matching.

\$15 per invoice	20,000 per FTE
\$25 per PO	80% on-time

2ND GENERATION INVOICE AUTOMATION:

Matching with exception handling automated with rules, coding templates.

\$5-\$10 per invoice	50,000 per FTE
\$18 per PO	95% on-time

3RD GENERATION AP AUTOMATION:

Fully automated process with maximized matching, payment plan utilization supported by predictive analytics, machine learning and robotics.

\$4 per invoice	>99% on-time
\$10 per PO	Discounts captured
90,000 per FTE	

4TH GENERATION PURCHASE-TO-PAY:

Automation to use robotics to either fully automate or assist people, leaving only judgment based decision-making and optimizing productivity.

THE FUTURE WITH AI AND RPA

Don't get too worried that you're going to be managing a staff of robots soon – studies show that people will work alongside automation for some time to focus on the human elements of processes, while machines take over the error-prone, manual activities.¹ The AP department of the future focuses on more value-added tasks, like analyzing data to predict

profits, revenues and cash flow, cross-functional budget-planning, forecasting and more. The finance team of the future takes this into account when hiring staff, ensuring that people have the breadth of skills needed to work alongside technology, and offers on-going training to prepare staff for new responsibilities.

¹ <https://www.technologyreview.com/s/603370/robots-will-devour-jobs-more-slowly-than-you-think/>

2. BUSINESS PLATFORMS SUPPORTING AUTOMATION ARE THE FOUNDATION FOR PREDICTIVE ANALYTICS

AI technology is reliant on accurate data. Without reliable and sufficient data, there is no basis from which AI can learn and understand the business decisions that need to be made. This is why it is imperative to collect and aggregate as much accurate data as possible to build the full financial profile of the organization. As finance and procurement professionals, you should adopt solutions now that empower you to:



Get 100% of your suppliers connected to your P2P ecosystem. Aside from improving transaction accuracy, this will help you capture more discounts, eliminate paper, and improve efficiency. Most P2P solutions are designed to connect only with sophisticated suppliers, who are able to send XML or EDI transactions. What about that long tail of mid-size and small suppliers, who aren't that technologically advanced? What about those suppliers that still send paper invoices? You need have a solution to connect them to your P2P ecosystem that is fast, easy and inexpensive.



Get 100% of eligible employees using e-procurement. Data accuracy will be improved by ensuring everyone uses the same system for 100% of their purchasing. To make 100% achievement possible, the solution has to be designed to fit seamlessly with the way that end user does their job. In other words, people use the e-procurement solution because it is truly the easiest way to get the stuff they need, not because it's been mandated by the procurement department.



Automate 100% of orders and invoices. Most P2P systems are only good at automating the invoices that originated from indirect procurement systems. What about all of your direct invoices? What about all of your non-PO invoices? Facilities invoices? Invoices generated from manufacturing? If your P2P solution can't effectively handle 100% of your invoicing transactions, you're not capturing all of your valuable data. Make sure the AP side of your P2P solution is a true AP transaction hub for all of your invoices, regardless of type of invoice.

THE FUTURE WITH PREDICTIVE ANALYTICS

By automating functions end-to-end, from sourcing all the way through invoice processing and payment – even areas like travel & expense reporting and asset management – you will create a comprehensive data set to analyze and build on with predictive and actionable insights. This data set is what enables your AI solution to look at historical trends, transactional details, user behaviors and tell you when there's an opportunity to capture early payment discounts, consolidate suppliers, address potentially fraudulent activity, and more.

3. BLOCKCHAIN WILL IMPROVE DATA ACCURACY AND MAY ELIMINATE THE NEED FOR THIRD-PARTY AUDITS

Not only is blockchain technology expected to dramatically improve data accuracy, it could rid your life of third-party audits forever. Let that sink in.

THE FUTURE WITH BLOCKCHAIN

Accounting records entered and tracked on the blockchain are not alterable, even by the owners of the accounting system. Since the integrity of the financial records is guaranteed, there is no need for audits to ensure compliance. So, organizations have peace of mind about their transactions and can start to dream of a bright future with no more third party audits. Additionally, cycle times and costs are reduced, since everything happens in real time. Finally, the visibility enabled by blockchain can be used with analytics to better manage cash flow and business risk.

You may have heard of the BitCoin – and probably associate it with unsavory things that are rumored to happen on the dark web – but this same technology model was used to create the concept behind Blockchain. The main idea behind it all is transparency over transactions that are not alterable by any party.

HERE'S HOW IT WORKS:

- A transaction enters the blockchain and is encrypted
- The transaction is only visible to the trading partners
- Trading partners confirm the accuracy of the transaction in real-time
- Once the transaction is confirmed, it becomes final and irreversible, without the involvement of a third-party auditor
- The transaction is stored in a public, decentralized ledger with all other transactions

CONCLUSION

The future of finance and procurement, driven by digital commerce, will transform not only how you work, but how you buy, sell and interact. Now is the time to understand the implications on team development, supplier relationships, and cross-functional collaboration to build a platform that is scalable for the future. Invest in technology that is designed to evolve – not something that will be obsolete and will need replacing in a few years. Focus on people and understanding what they will need to be successful alongside the technology that is transforming your business.

Contact [Basware](#) to find out how we can help you future proof your business.

ABOUT BASWARE

Basware is the global leader in providing purchase-to-pay solutions, e-invoicing and innovative financing services. Basware's commerce and financing network connects businesses around the globe. As the largest open business network in the world, Basware provides scale and reach for organizations of all sizes, enabling them to grow their business and unlock value across their operations by simplifying and streamlining financial processes. Small and large companies around the world achieve significant cost savings, more flexible payment terms, greater efficiencies and closer relationships with their suppliers.

Find out more at:

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