

The Reality of Implementing AI in Record-to-Report



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Introduction

During the pandemic, financial departments embraced technology to enhance efficiency and agility, replacing their previous manual processes. This shift aided remote work, but they have yet to adopt advanced intelligent technology for rapid innovation and financial decision-making.

However, financial technology players have evolved from rule-based automation that automated routine tasks with structured data to developing AI that processes unstructured data and supports predictive analysis.



How AI Helps R2R Teams Save Time and Cost

Today, nearly half of every finance team's time is still spent on transactional activities. Less than 10% of activities are dedicated to analysis and action.

To deliver strategic, financial, and operational insights on organizational performance, the finance function must transform the record-to-report process. This encompasses the end-to-end activities of recording, closing, consolidating, and reporting financial data at the end of each period. By enhancing and modernizing this process, finance teams can provide valuable feedback and analysis to drive informed decision-making throughout the organization.

Common Challenges with R2R Process



Repetitive tasks/Manual Follow-ups



Disparate enterprise systems



Lack of real-time insights



No transparency/unified view of all end-to-end projects

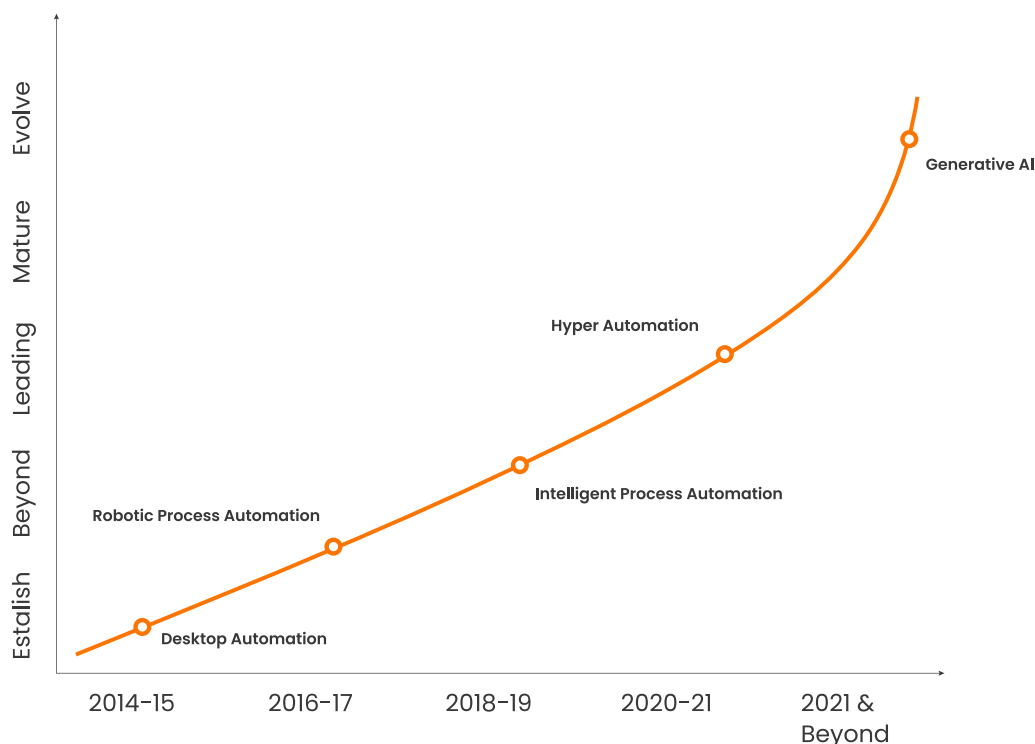
Evolution of R2R Automation Technology

The AP automation landscape features a wide range of solutions, from basic tools handling simple tasks to sophisticated systems that integrate with existing ERP systems. According to Forrester's recent research, the key challenge for organizations is to identify a solution that not only meets their current business requirements but also scales with their growth and technological advancements. Forrester emphasizes the importance of evaluating AP automation solutions based on their ability to integrate with existing systems, handle large volumes of transactions, and offer advanced features such as real-time analytics and AI-driven insights.



At a Glance

- Significant developments in the Automation space in the past few years
- Generative AI has opened a whole new set of solutions
- Significant opportunity for clients to leapfrog and drive FTE reduction in offshore



➤ **Robotics Process Automation**

Automate the processing of invoices, payment reconciliations, and vendor management, which will streamline the treasury procedures.

Advantages

- Scalable Virtual Workers
- Work orchestration (scheduling/queuing)
- Centralized robot management
- Manual Control & management of bots

➤ **Intelligent Process Automation**

A holistic approach to transformation, IPA mostly includes solutions that include RPA, Intelligent Document Processing, and Virtual Agents.

Advantages

- Intelligent Process Automation
- Use of Artificial Intelligence technologies including Machine Learning and Natural Language Processing to enable
 - » Processing unstructured data
 - » Predictive and prescriptive analytics

➤ **Hyper Automation**

Adding intelligence to existing solutions. Inclusion of AI building blocks and moving from rule-based to more decision-based solutions.

Advantages

Adding AI building blocks (e.g. text analytics, machine learning) to their RPA for making IPA (Intelligent Process Automation) use cases

➤ **Generative AI**

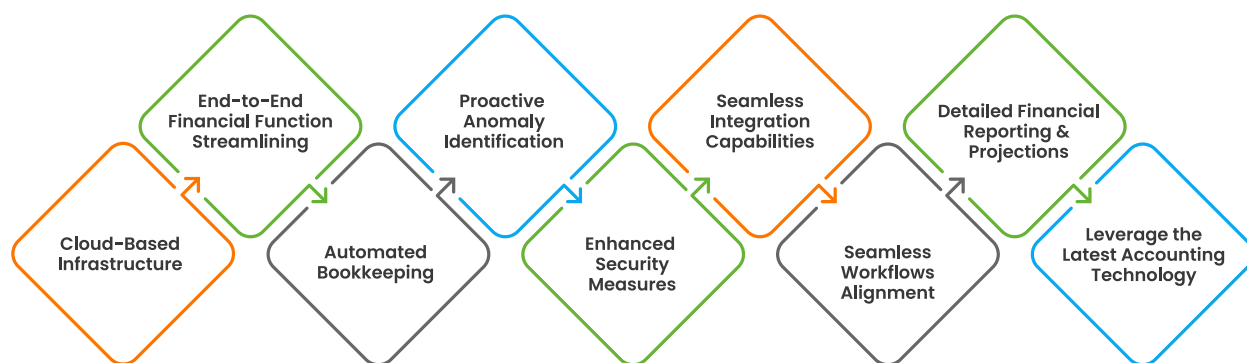
Generative AI has opened new automation possibilities. Automation can now go wider and deeper than Shared Service & enable more effective decision-making at the highest level.

Advantages

Use of Generative AI to enable execution of judgment-based and creative use cases (e.g. ChatGPT, Bard, etc).

The Impact of Implementing AI in R2R Processes

Key Features of Modern Accounting Systems

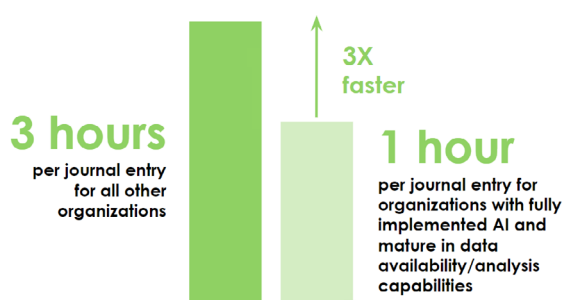
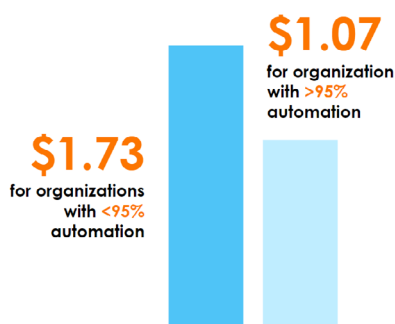


Integrating AI into the record-to-report process brings efficiency and improved decision-making. AI-powered workflows can conduct qualitative reviews of journal entries, leveraging historical data and enforcing organizational policies for exceptional accuracy.

Machine learning enables over 99% first-pass accuracy, streamlining operations and allowing finance teams to focus on strategic activities. In reconciliations, AI analyzes anomalies, providing insights for risk identification and better decision-making, enhancing accuracy and efficiency while gaining valuable financial performance insights.

Organizations that have **automated more than 95%** of their journal entries have **38% lower cost per journal entry**

Organizations that have fully implemented AI for finance operations **process journal entries 66% faster**



Source: IBM Institute for Business Value | Benchmark Insights

Real-Life Cases of AI Implementation in R2R

Case Study 1

Client Background

- Anglow-Swedish multinational pharmaceutical and biopharmaceutical company
- \$44.48 B in revenue
- 83,500+ employees

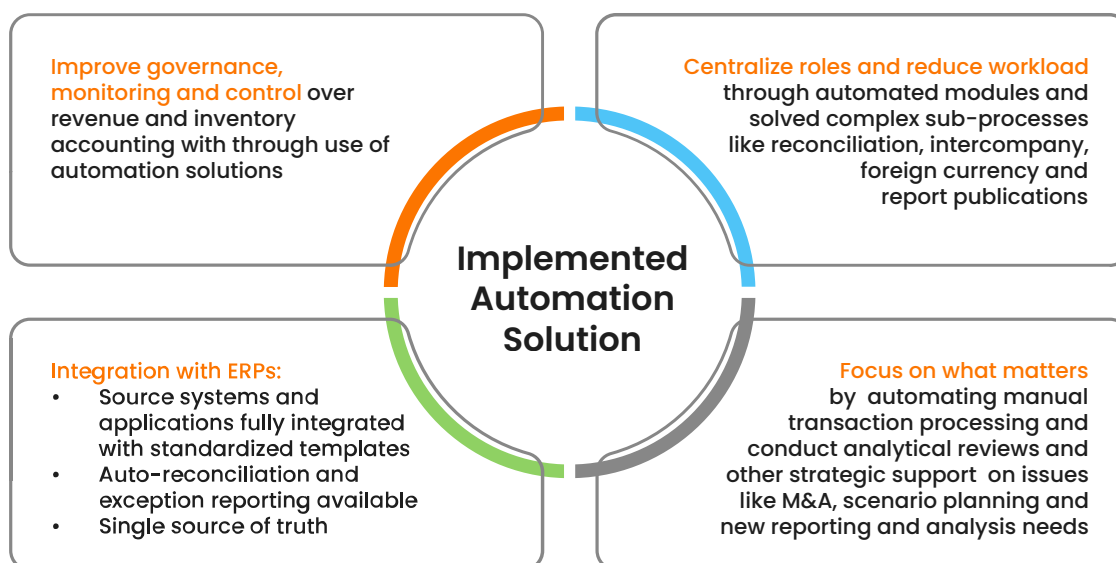


Challenges

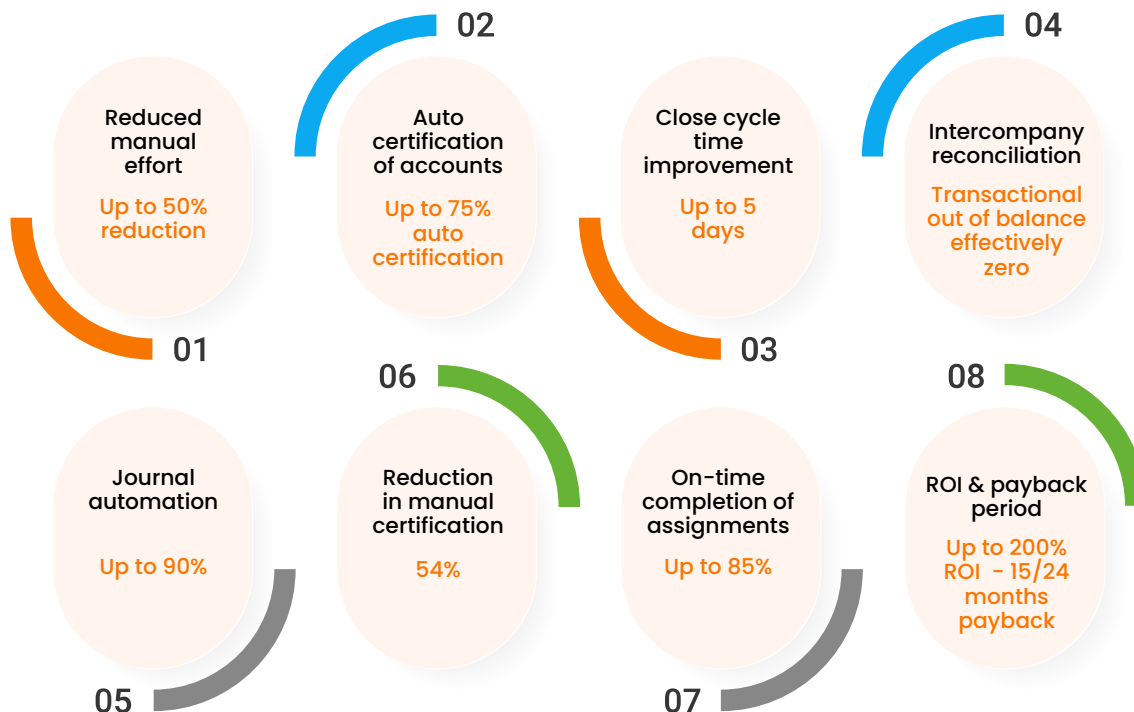
- A \$44b pharma company wanted to reduce its close cycle time and manual work efforts Common challenges identified were:
- Complexity of multiple enterprise resource planning systems (ERPs)
- Elimination of high number of manual financial close processes
- Outdated chart of accounts and data model that fails to meet the latest reporting requirements
- Manual reconciliations
- Integrate technology to bring automation and efficiencies
- Lack of skill sets and risk-averse culture



Solutions Delivered



Benefits achieved with implementation of automation solution



Case Study 2

Client Background

- British multinational consumer goods company
- USD £16B in revenue
- 61,000+ employees
- Operations in 100+ countries across globe



Challenges

The business was growing rapidly, and the finance organization not only needed to keep pace, but also needed to provide increased business partnership and analytics to support faster, better decision-making.

- Lack of standardization of global month end closing checklist as every country worked to a different timetable
- Record-to-report (R2R) process was highly manual (~**97% manual activities**) with under-optimized use of technology and automation
- Clear issues around controls, data quality, and non-standard processes
- Lack of a formal journal entry approval process and workflow with journals being approved over e-mails
- Significant number of journals posted with immaterial amounts during month end closing, accounting for majority of time spent on non value adding activities



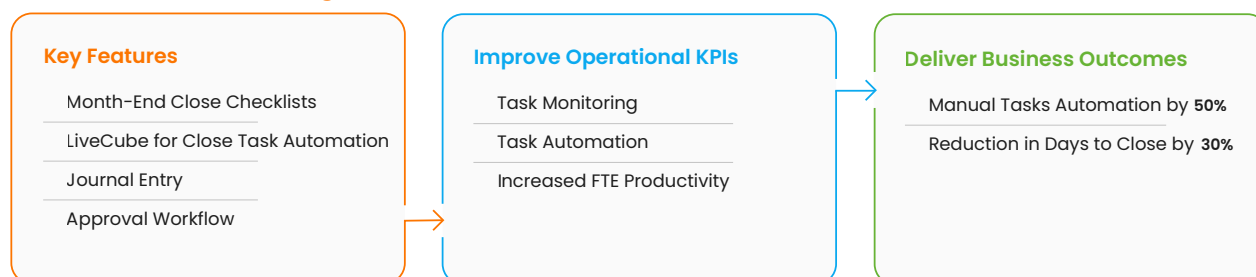
Benefits achieved with implementation of automation solution

Impacts	Benefits
1. Reduction in Manual Work <ul style="list-style-type: none">Reduced FTE costsReduced facility & workforce enablement costs	5.5 Cycle time in days to complete the monthly consolidated financial statements
2. Faster Processing Time <ul style="list-style-type: none">Allow employees to work more efficiently and focus on value-add tasks	11.5 Cycle time in days to produce period-end management reports
3. Enhanced Controls & Compliance <ul style="list-style-type: none">Automated controls reduce human errorSignificantly reduce the risk of fraudCompliance is faster & more efficient	10% Manual journal entry line-item percentage
4. Set Foundation for the Future <ul style="list-style-type: none">Build muscle to deliver automation through CoEDevelop organizational capability to utilize automationSet foundations for Hyper-Automation & Generative AI	40% Percentage of total accruals generated using fully automated method 6 Perform close of books (consolidated)
5. Ability to Leverage Scale <ul style="list-style-type: none">Develop robustness with ability to scale and de-scale instantlyReduce challenges posed by resignations, back-fills, holidays, etc.	33% Risk Reduction

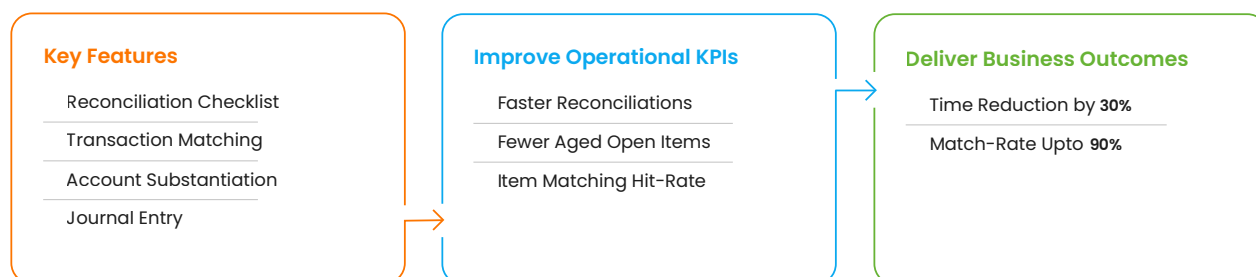
How HighRadius is Helping Companies Improve Their R2R Processes

HighRadius revolutionizes accounting processes with advanced technology, offering end-to-end solutions that automate and streamline **Record to Report** (R2R) workflows. With AI-powered features HighRadius empowers organizations to transform their accounting approach, enhancing efficiency and accuracy.

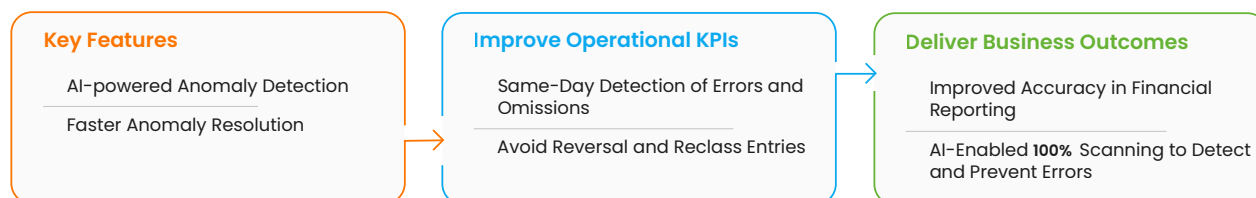
Financial Close Management



Account Reconciliation



Anomaly Management



Experience Accelerated Financial Close Through Our AI-driven Record-to-Report Solutions.

[SCHEDULE A DEMO](#)





About HighRadius

HighRadius offers cloud-based [Autonomous Software](#) for the Office of the CFO. More than 850 of the world's leading companies have transformed their order to cash, treasury and record to report processes with HighRadius. Our customers include 3M, Unilever, Anheuser-Busch InBev, Sanofi, Kellogg Company, Danone, Hershey's and many more.

Autonomous software is data-driven software that continuously morphs its behavior to the ever-changing underlying domain transactional data. It brings modern digital transformation capabilities like artificial intelligence, robotic process automation, natural language processing, and connected workspaces as out-of-the-box features for the finance & accounting domain.

Before the availability of autonomous software, finance stakeholders had to pick between a digital replacement of a paper-based solution or build & maintain custom RPA/AI-based tools in-house. In contrast, HighRadius' Autonomous platform combines the best of both worlds to deliver measurable business outcomes such as DSO reduction, working capital optimization, bad-debt reduction, reduced month-end close timelines, and improved productivity in under six months.

[Click here](#) to see Autonomous Software in action.

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