



# The Benefits of Financial Process Automation

by Sven Lindemann, CEO, Hanse Orga

**T**oday's powerful, functionally rich technology solutions are opening new horizons of value and opportunity for corporations' treasury and finance operations.

In the past, treasury and finance were often quite distinct. Treasury focused on high value, low volume cash and risk management business, including cash positioning and mobilisation, liquidity management, FX and commodity hedging, and debt and investment management. Finance was primarily concerned with managing high volume commercial payables and receivables, and in accounting, enterprise resource planning and reporting functions. Typically, these were supported by different technology

systems, with some limited level of interfacing in areas such as forecasting and ledger posting.

Today, the realities of effective, automated integration and real time connectivity have facilitated a closer and more productive treasury-finance business relationship. The newly possible efficiencies and integrations extend beyond the traditional boundaries, incorporating many elements of the financial supply chain, and other important business processes. And contemporary finance automation is bringing a new set of business benefits into the budgetary reach of more and more companies.

Automation and integration can now translate joined-up thinking and planning into joined-up business processes, through



enhanced information exchange. The beneficial impact extends across multiple areas throughout the corporate infrastructure.

This analysis outlines some relevant examples.

### Treasury management

Treasury's closer relationship with the rest of the organisation enables it to base its key risk decisions on better quality information, that is dependable, accurate and up to date. This result demands more powerful automated integration, to locate and utilise the relevant information from the entire enterprise. Better visibility of company-wide payables, receivables and commercial forecasts leads directly to better cash and working capital visibility. Accordingly, internal cash resources may be mobilised to best effect, optimising the flow of liquidity to where it is needed, and controlling its cost. This leads directly to reducing external borrowings, enhancing

credit and cutting the related risks. The improved vision extends to FX exposures and borrowing requirements, so that the necessary hedging and borrowing actions can be quickly identified. Automation therefore enhances treasury's forward looking role, reducing risk and costs for the entire enterprise.

### Payments automation

Integrated automation includes best-practice payment management workflows, often centralised through in-house banks and payment factories. Standardised processes secure this vital function, reducing costs and risks, and enhancing control, visibility and performance quality.

Automation benefits in payments include error rate reduction via the elimination of many manual interventions, enhancing control; and costs may also be cut, by removing the unproductive overheads of error management.

Further value may be generated, for example by centralising the management of POBOs (Payments on Behalf of) in payments factories, providing a better controlled, lower cost and more dependable business process.

### Bank statement administration

Fully automated bank communications yield the additional benefit of controlling the daily retrieval and reconciliation of multiple bank balance and transaction statements, improving the accuracy and timeliness of cash positioning, optimised through the integration of cash pooling and concentration.

### Adding value along the financial supply chain

The automated integration of several other elements of the financial supply chain broadens the achievable benefit range. For example, a fast and accurate cash management solution generates the data needed for a timely liquidity overview. This facilitates a really efficient O2C (Order to Cash) business process, which is often critical for businesses. For example, in the travel sector, agencies can in some cases only start follow-up processes such as issuing tickets when the relevant cash has been received in the bank account. With

modern tools, O2C may be straightforwardly automated up to about 99%.

Multilateral invoice netting automation enables companies with high volumes of internal trade (such as manufacturers and distributors) to streamline the process, reducing external cash flows and FX hedging requirements.

Really effective finance automation opens up the potential for improved business intelligence. The wealth of financial information captured faster or more reliably thanks to automated processes may be used to gain new insights and projections for better analysis, and for more powerful and complete reporting to management and shareholders.

### A strategic benefit

Arguably, the most strategic benefit of a fully integrated and automated treasury and finance function is that the CFO and board can enjoy a complete vision of the enterprise's current and evolving financial position, beyond what is possible if the analysis is limited to treasury. This means that critical decisions can be made with a significantly higher level of confidence that they are soundly fact-based, with minimal reliance on assumptions.

Such high quality insight readily translates into enhanced business performance, with the potential to secure competitive advantage in multiple sectors. □



Really effective finance automation opens up the potential for improved business intelligence.



### Sven Lindemann CEO, Hanse Orga



Sven Lindemann is responsible for consulting and strategy development on the executive board of Hanse Orga and spearheads the internationalisation of the company. After training as a software developer at the Vereins- und Westbank in Germany he joined Hanse Orga as a software consultant. A few years later he moved onto the management board. Since 2001 he has been on the executive board of Hanse Orga and in 2012 took over the chairmanship of the board from his father and founder of the company, Hans Herbert Lindemann.