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At the time of writing in August 2020, COVID-19 is the main concern for people and businesses in Indonesia and globally. Business leaders have activated contingency plans to keep people safe and healthy — and to keep their businesses running. There is a greater emphasis on digitization of business activities to move towards more contactless operations. Like the rest of the functions within organizations, the Finance function is also adapting itself to the new normal.

PwC Indonesia’s first Robotic Process Automation CFO survey was conducted before the outbreak of COVID-19 in the months of January and February 2020. The results of the questions we asked about how finance functions are leveraging robotic process automation to digitize their day to day activities reflects a world at that time focused on understanding more about automation and preparing the finance workforce to upskill themselves. As businesses work to address the current world health crisis and its economic impacts, the insights this report provides about the finance function automation journey are more relevant and important than ever, as we all move towards the new normal.

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PwC Indonesia

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**Key Takeaways**

1. **The finance function is still at an early stage of RPA adoption in Indonesia**

2. **The primary driver of finance function automation is to achieve operational efficiency**

3. **There is a need to upskill finance professionals in the area of automation**

4. **Almost all of the activities of the finance function, ranging from Accounting to Reporting, are being considered for automation**

5. **Around 94% of respondents indicated that they would either increase or maintain the same level of investment in automation next year**

6. **Technical complexity, missing skills and operational risks related to the robots were the top three risks indicated by the respondents**
Survey Overview

The PwC study *Robotic Process Automation for Finance Function Survey 2020* was conducted online from January – February 2020.

The survey targeted various industries/businesses in Indonesia

<table>
<thead>
<tr>
<th>Industry</th>
<th>Respondents</th>
</tr>
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<tbody>
<tr>
<td>Manufacturing</td>
<td>29%</td>
</tr>
<tr>
<td>Financial Services and Capital Market</td>
<td>22%</td>
</tr>
<tr>
<td>Transportation and Logistics</td>
<td>9%</td>
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<tr>
<td>Services</td>
<td>7%</td>
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<tr>
<td>Retailer</td>
<td>7%</td>
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<tr>
<td>Others</td>
<td>6%</td>
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<tr>
<td>Cosmetics &amp; Healthcare</td>
<td>6%</td>
</tr>
<tr>
<td>Construction &amp; Property</td>
<td>6%</td>
</tr>
<tr>
<td>Plantation</td>
<td>4%</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>4%</td>
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</tbody>
</table>

Around 54 CFOs/Senior finance executive respondents from various major Indonesian companies

Respondents answered 37 questions on topics related to RPA implementation in their companies
Finance functions are in the early stages of RPA adoption, and the pandemic will accelerate adoption this year

Over the years we have seen Indonesian companies actively driving digital technology adoption to meet their customer expectations. As part of this transformation, CFOs have been at the forefront to digitize the legacy finance functions by modernizing the ERP, reporting systems as well as enhance the skills of the people. Next step in this is to automate standardized and repetitive functions, so that finance executives can move into the role of a Business Partner and contribute more insights for better business decisions.

Before COVID-19, only 7% of the CFOs indicated that they have completed RPA deployments and another 7% have completed proof of concepts. Around 42% of them are either evaluating RPA use cases or standardizing their finance process to prepare for automation.

As we adopt to the new normal, and move towards more contact less operations, we will see a greater adoption of robotic process automation
52% of companies are considering making remote working a permanent option for roles that allow it. 50% are accelerating automation and introducing new ways of working. 47% of CEOs are clear on how automation can improve customer experience. 53% of workers believe automation will significantly change or make their job obsolete within the next ten years.

Source: PwC’s COVID-19 CFO Pulse – 15 June Edition

Source: Upskilling Hopes & Fears – PwC’s global survey on technology, jobs and skills
The finance function plays a key role in driving automation across the organization

When teams from the finance and business functions focus on performance, they can reach any goal: increasing future profits, breaking into new markets, protecting against new entrants or increasing the sustainability of earnings. Close collaboration between finance, IT, and business teams is necessary to agree on the underlying building blocks to be put in place to drive competitive differentiators.

CFOs taking part in our survey indicated that 24% are making their Finance teams lead the RPA initiative within their organizations. As we know, RPA is a business led initiative, and multiple functions across the organization tend to have their own RPA initiatives in place to address their specific pain points. 28% of our survey respondents have also indicated that multiple functions are leading their own RPA initiatives within their organizations.

As we move towards the new normal, the digital transformation of organizations will become an immediate necessity, and hence we will see more and more centralization or collaboration on RPA initiatives as part of the overall Digital Transformation initiatives of organizations.
RPA in the accounting function

As companies increasingly expect their finance executives to become business partners, more and more legacy accounting function activities are being automated. Journal entry processing, reconciliations, billing and collection activities are the top three processes, with around 19%, 17% and 17% respectively of CFOs indicating that they are currently already using RPA solutions for the automation of these processes. All of the above three activities are standardized, rule-based and repetitive activities which are low hanging fruit for automation in any finance function.

74% of CFOs have also indicated that they are considering the accounts receivable processes for automation in the future. In this digital era, as more and more organizations move towards a platform business model, customer payments and receivables will see greater automation.

As a result of the pandemic, governments across the world are digitizing their services, so that citizens and companies can use their services from home. As the government’s tax department digitizes, companies’ tax functions will see greater automation, making the tax payments process much easier.
In the majority of Indonesian companies, the procurement function reports to the CFO. In line with the accounting function, the procurement function is also transforming and moving towards a role as a business partner. Accounts payable, invoice processing, and vendor administration activities are the top three processes, with around 80%, 76% and 69% respectively of CFOs indicating that they are considering using RPA solutions for process automation. All of the above three activities are high volume, closely related to the accounting function, and can be automated as part of the Finance Process Automation.

13% of CFOs have indicated that they are currently using RPA solutions for purchase requisition and purchase order processing automation.

As companies start opening up after lockdown, this is a good time to standardize procurement processes and automate vendor management processes to enhance the experience of the vendor ecosystem to meet customer needs in the new normal.
RPA in the reporting function

We are in an era where “Data is the new oil”. There are a number of platforms within a company, as well as outside it, generating huge volumes of data which need to be processed and analysed in order to derive valuable business insights. Following the introduction of ERP systems, business planning solutions and a number of reporting solutions, finance executives are extracting daily data from different systems and feeding it into various reporting solutions to obtain the necessary business insights ranging from financial performance, the profitability of products/customer segments, or any other management reporting. Indonesian CFOs are yet to exploit RPA solutions in the reporting area, with very few organizations currently using RPA solutions primarily for financial and statutory reporting.

However, 78% of the CFOs are considering RPA solutions for segment/profit center reporting and 74% of the CFOs are also considering using RPA solutions to report on customer profitability.

We predict that, in future, more and more reporting activities will be automated with the help of RPA solutions in order to gain timely business insights, and this will be a critical differentiator in the new normal.
Automation related skills level of finance teams is still low

The modern finance organization runs on finance athletes - professionals who can easily toggle between roles and functions. These are not roles with narrow expertise, for example only supply chain, procurement or reporting expertise. Rather, they have core finance skills, but can also fill roles such as being techno players who can bridge IT and finance. Their hybrid skills are in demand for emerging finance function jobs such as global process owner, business growth partner, analytics and value manager, and data scientist. Core roles like financial analysts and accounting managers are also expanding their problem-solving skills, empowering them to identify pain points for the business and learning to implement automation to improve their own cycle times.

65% of CFOs in Indonesia indicated that their Finance teams are still exploring RPA solutions, and still lack basic automation related skills. Another 35% of CFOs believe that their finance teams have basic automation skills.

In the post COVID-19 era, we believe that CFOs will focus on upskilling their finance teams in order to achieve more with the same or less effort in order to become more efficient and cost effective.
Operational efficiency is the key benefit expected from RPA

With the advent of digital technologies, there has been considerable disruption of business models across sectors, forcing organizations to think out of the box to survive and evolve. Per our Finance Effectiveness Benchmark Report 2019, in leading companies, rather than addressing demand from specific segments, finance functions are systematically making connections - and choices - that create value for the whole business. Our analysis of finance function activity data shows that 30-40% of the processing time for several key finance processes could be eliminated through automation and behaviour change.

Indonesian CFOs have also indicated that 57% of them expect operational efficiencies to be the most significant benefit of RPA implementation. Smooth finance operations requiring little or no intervention from the finance team will free up valuable time for finance executives to focus on value-added activities like strategy and planning.

Over the next year, we will continue to see RPA solutions being leveraged further to enhance operational efficiency within the finance function.

Question: Which of these areas do you expect to benefit the most from by implementing RPA?

- Operational efficiency: 57%
- Improved management operation: 22%
- Lasting transformation: 20%
- Competitive advantage: 20%
Governance around RPA solutions is still being designed

When planning for RPA solutions, it is very important to ask the following questions from a governance standpoint:

- How will you choose your automation projects?
- How will robots acquire, use, share and manage data?
- How do you configure robots and manage the entire development lifecycle?
- Who is in charge of the robots?
- Are you in compliance with the relevant regulations/laws?
- What about cybersecurity and data privacy?
- What is the backup plan?
- Are you ready for change?

Around 54% of CFOs indicated that they have not yet thought about designing a governance framework around RPA, and around 20% indicated that RPA projects are governed either through the existing IT governance framework or the finance function governance.

In the next year, we expect an increase in RPA deployment, and hope also to see an increased focus on governance.
Technical complexity is considered the top challenge for RPA adoption

Around 61% of CFOs indicated that technical complexity is the top risk arising from the adoption of RPA. This is ironic, as most RPA solution vendors promote their solutions as easy to use, and say that anyone can learn automation skills. Having worked with multiple Indonesian organizations on their RPA implementations, we believe that the truth is somewhere in between. CFOs believe that it is technically very complex to implement RPA solutions, as their processes are not standardized, and have several exception scenarios which need to be handled by a RPA solution. This increases the complexity of the implementation, as well as the effort required. At the same time, however, RPA solutions are very easy to use, but still need basic IT skills and an understanding of workflows and exception handling.

As RPA is beginning to trend upward in Indonesia, 37% of CFOs have also highlighted that a lack of talent is the second highest risk of RPA adoption. As we pointed out earlier, it is important to invest in upskilling finance executives with automation skills.

In the next year, as we see more and more RPA deployments, we believe lack of ownership and operational risks related to robots will become the key risks/challenges.

<table>
<thead>
<tr>
<th>Question: What are the top risks/challenges for the adoption of RPA?</th>
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<tbody>
<tr>
<td>Technical Complexity</td>
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<tr>
<td>Lack of talent</td>
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<tr>
<td>Operational risks with the robot</td>
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<tr>
<td>Lack of ownership</td>
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<tr>
<td>Frequent changes to the processes</td>
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<td>Frequent changes to the IT systems</td>
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<tr>
<td>Others</td>
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</table>
RPA investments are set to continue over the next year

Around 94% of CFOs indicated that they will increase their investment in RPA solutions significantly or stay the same over the next year. This was before the COVID-19 crisis hit Indonesia, as well as the whole world. In the new normal, we expect investments to increase much further, so that CFOs can deliver more with less resources and costs. One important discussion which CFOs grapple is, regarding the return on investments in RPA solutions. With ample labour available at competitive costs in Indonesia, most of the time there is no fair comparison with the total costs of licenses, implementation and maintenance related to RPA solutions. However, it is important to note that implementation of RPA solutions provide many more advantages besides costs savings, such as:

- Most significantly, RPA solutions enhance the quality of work by eliminating human error, as robots do not make mistakes
- Robots are available 24/7/365
- Finance executives can shift their focus to becoming business partners

In the coming years, we hope that businesses will realize the benefits of RPA, and that investments will further increase.
Lessons learned from our global automation implementations

• All processes aren’t equal – carefully select valid opportunities
• Combine process automation with other productivity techniques to maximise ROI
• Carry out process refinements during automation to promote process and optimize customer experience
• Get started and iterate, identifying big obstacles early, as grand designs tend to gather dust
• Use partners to fill capability gaps, provide scalability, and provide strong cost benefits
• Process automation should be owned by the business, as change management is often the biggest limiting factor
• Cost out is one of the benefits of – automation also delivers many other types of value
• Operating models need to evolve after automation scales up
• There needs to be an optimal level of governance. Central guidance and capability with decentralised delivery in a mature organization.
• Many stakeholders need to be involved, and organizational policies need to be updated (e.g. risk, security, IT architecture, etc.)
Embracing RPA will take more than technical team. It is a repetitive process involving cycles of processes.

- **RPA Foundation (Proof of Value)**
  - Build Automation Roadmap

- **Perform Wider Automation**
  - Build Internal Capabilities

- **Provide External Support**
  - Set Up Center of Excellence

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**Ideation**

Automation ideas → Backlog opportunities → Sprint Backlog & Planning → Short dev sprints → Digital Workforce → Changes, new opportunities, updates

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**Improvement**

Continuous improvement

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**Project Board** + **Delivery team**
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