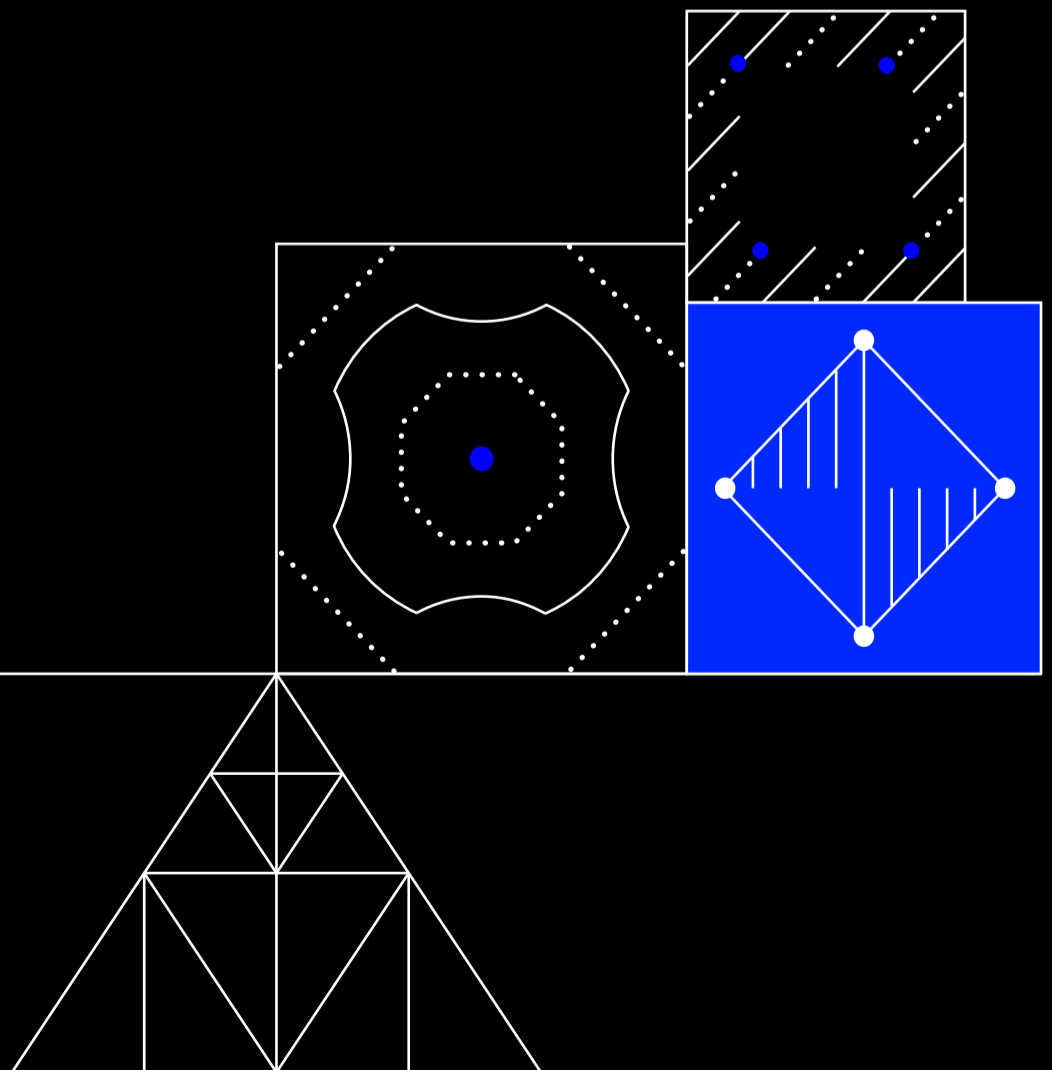


# The Process Era is Here Finance Edition

How finance and shared services are exploring processes as a lever for value



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# Processes are key to navigating a changing world

**Unpredictability is a fact of life for today's enterprises. From global economic and political upheaval and shifting customer expectations, to emerging technologies and evolving regulations, businesses operate in an environment of constant change.**

Finance and shared services functions are on the front line of this change. They must continually adapt to maintain free cash flow, manage costs, increase productivity, and grow revenues. All without disrupting business operations.

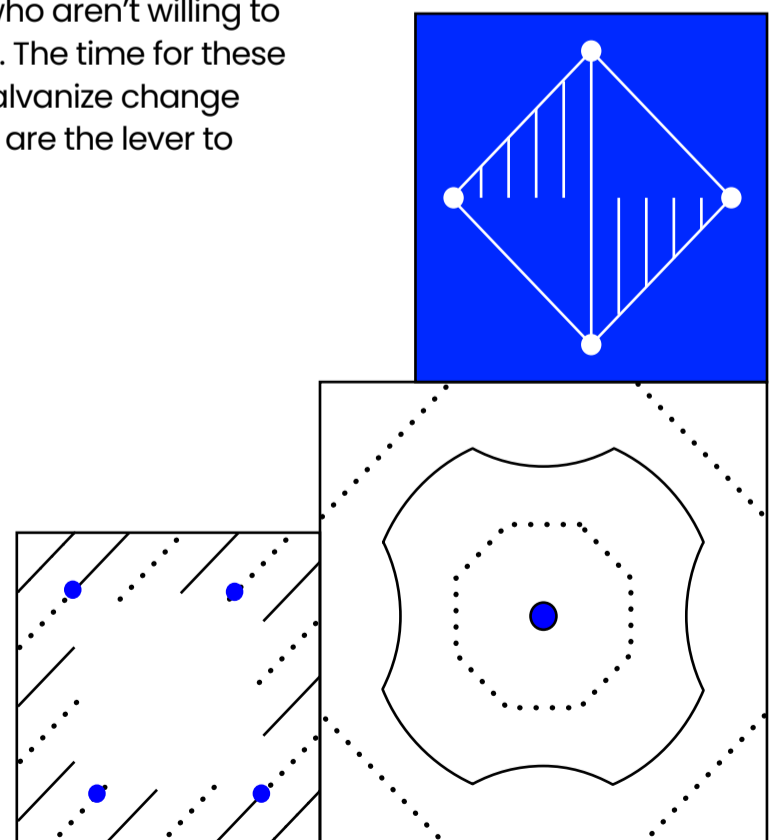
But when change is the challenge, it's often the solution too. Finance teams that transform how they operate to become smarter, leaner, and more resilient can prepare for any future. Our research reveals finance and shared services leaders see process optimization as vital to this transformation, with 80% saying it can deliver bottom, top, and even green-line value at the same time. Just how many are actually doing it is, however, another question.

We surveyed 300 business leaders from finance and shared services functions within large enterprises in Europe and the United States to gain an in-depth understanding of how they are currently optimizing their processes. This report is primarily based on the findings of that survey. As the 300 responses formed part of a broader survey of over 1,200 business leaders from supply chain, process and operations, and IT, as well as finance and shared services, we also highlight cross-functional trends where useful.

The results reveal a sea change in the way enterprises create value. The process era is here — an era in which optimizing processes will be as foundational to business success as product development, finance, or sales.

Finance and shared services leaders overwhelmingly understand the need to improve processes, with a powerful 97% saying process optimization is important (or even essential) to meet organizational objectives. But recognizing the opportunity isn't the same as unlocking it, and many aren't yet taking the necessary action. As a result, sub-optimal processes are costing time and money, impacting employee morale, and holding back innovation.

Although finance is lagging behind other functions in process optimization, 79% of finance and shared services leaders believe process excellence will emerge as a core business discipline within the next five years. This presents an exciting opportunity for individuals from finance and shared services who aren't willing to accept the status quo. The time for these visionary leaders to galvanize change is now, and processes are the lever to make it happen.

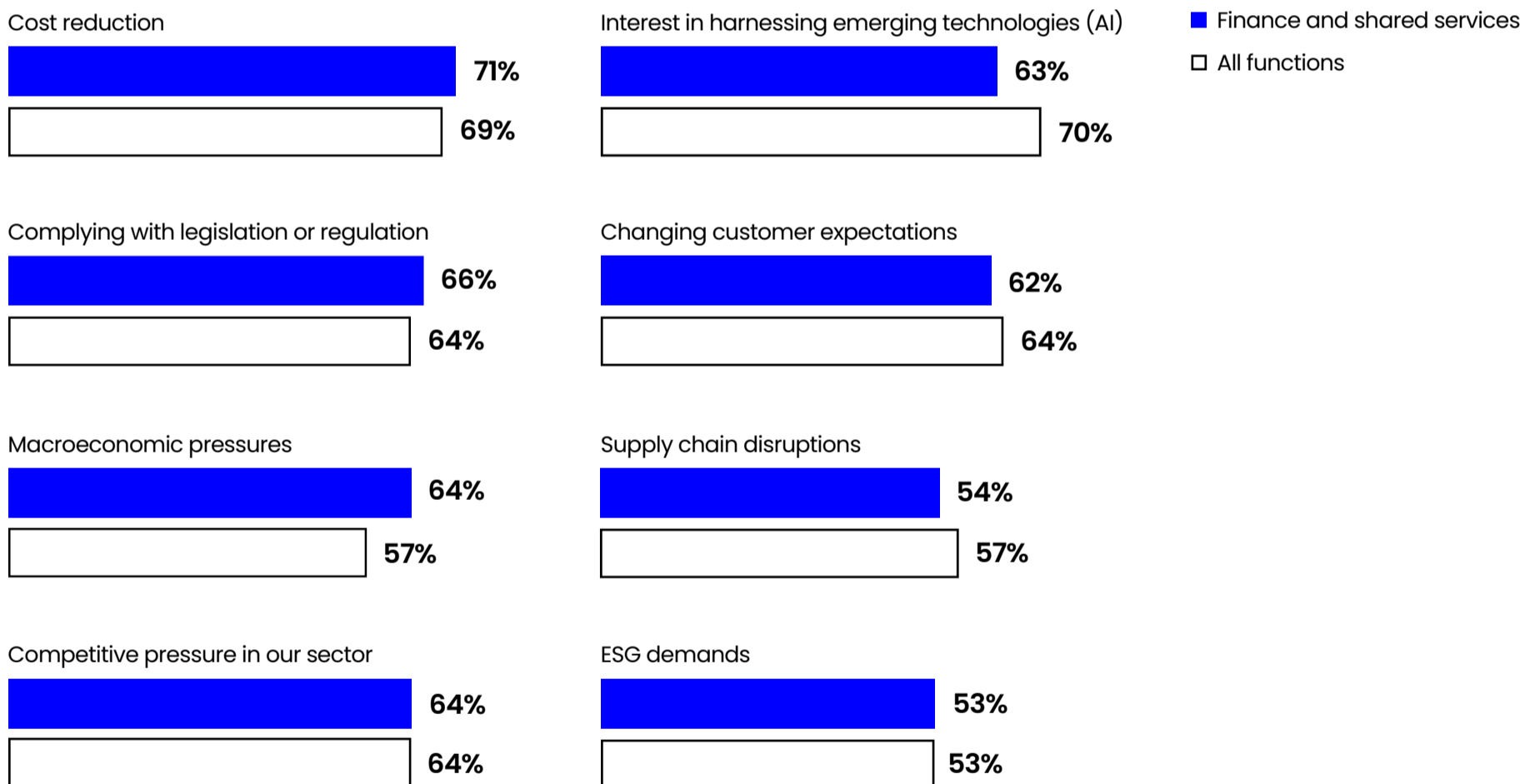


# The process optimization imperative

To better understand the priorities of finance and shared services leaders, we asked them to choose the top five factors they feel will drive the need for process optimization in the coming year. Top of the list is the ever-present need to cut costs, followed by the need to comply with changing regulations, which makes sense in the highly regulated finance space.

The responses from finance and shared services leaders differ slightly from those of the 1,217 business leaders we surveyed across multiple functions. Harnessing emerging technologies such as AI was identified by the cross-functional group as the strongest driver of process optimization, with the need to cut costs coming in second place.

## ■ Factors driving process optimization



These responses indicate finance and shared services professionals see three key opportunities in process optimization. First, to keep costs under control. Second, to respond to continually shifting circumstances including changing regulations. Third, to harness AI and other emerging technologies.

Let's take a closer look at these three opportunities.

## Reducing costs and controlling cash flow

Cutting costs is an inevitable priority across most industries and functions, but it's viewed as particularly important by finance and shared services departments. Seven in ten put cost cutting in their top-five factors driving the need to optimize processes in the year ahead.

What's more, 77% of finance and shared services leaders feel process optimization grows in importance during times of economic instability, perhaps recognizing it's an effective way to reduce expenditure and get cash flow under control.

And, as we'll see later, 45% of finance and shared services leaders put cost reduction in their top three outcomes of fully-optimized processes, alongside revenue growth and improved working capital.



77%

77% of finance and shared services leaders feel process optimization grows in importance during times of economic instability

## Adapting to continuous change

Many of the factors driving the need for process optimization relate to external changes. These factors include complying with changing regulations, and responding to both competitive and macroeconomic pressures, which are cited as top-five reasons by almost two-thirds of finance and shared services professionals.

While they may come lower on the list, factors such as changing customer expectations, supply chain disruptions, and shifting ESG demands are still viewed as significant drivers that will require finance and shared services teams to optimize their processes.

Process optimization grants the power to respond to change, according to the survey. A decisive 83% of finance and shared services leaders see processes as their greatest lever for value and their fastest lever for change.



83%

83% of finance and shared services leaders agree processes are their greatest lever for value and their fastest lever for change

## Harnessing AI and innovation

Businesses know AI is poised to unleash enormous value for their organization — but only if their processes support it. As we've seen, close to two-thirds of finance and shared services professionals say interest in harnessing AI and other emerging technologies is a major factor driving the need to optimize processes in the next 12 months.

The vast majority (88%) of those we interviewed from the finance function are already using or actively implementing AI in their organization, so they have first-hand knowledge of what is required for a successful implementation.

Of those already using AI, over three-quarters (77%) are concerned that process shortcomings may hold back further successful implementation of AI in the next two years. This concern is significantly higher among finance professionals than in supply chain (71%), process and operations (70%), and IT (68%) functions.



77%



88%

88% of finance professionals say their organization is already using or actively implementing AI

Of these, 77% are concerned process shortcomings may hold back further implementation of AI in the next two years

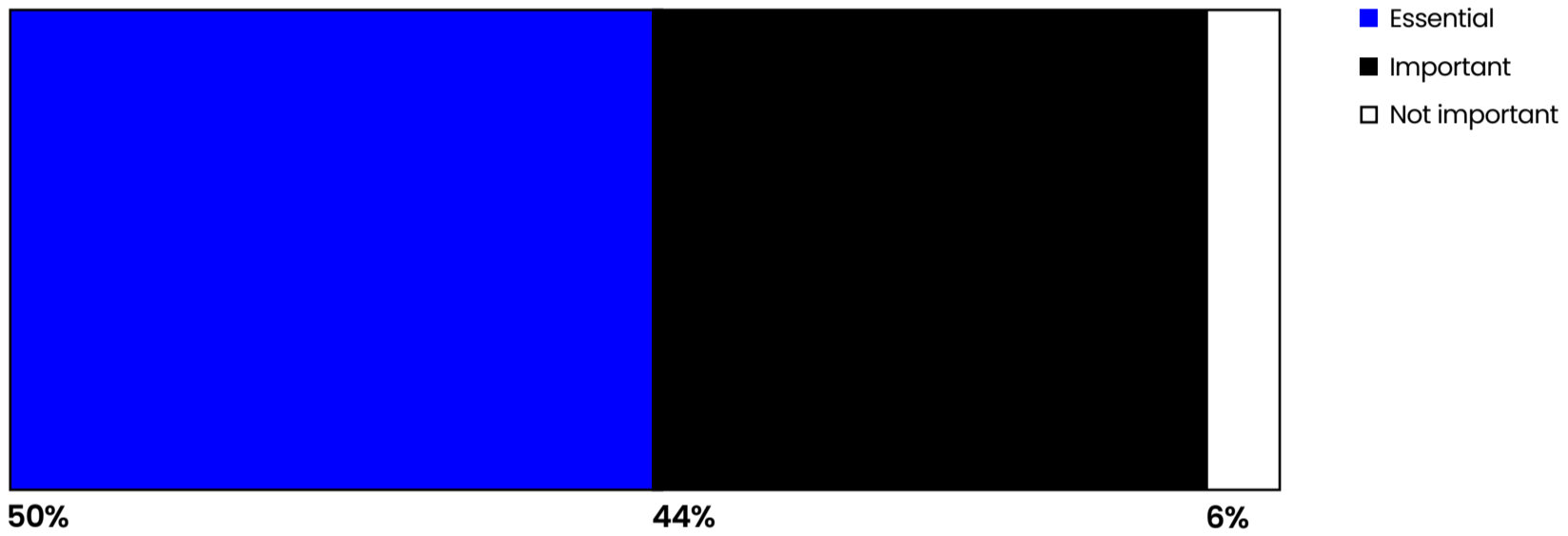
# Processes are the lifeblood of organizations

Considering how foundational processes are to anything an organization does, it is perhaps unsurprising that a considerable 94% of finance and shared services professionals think process optimization is important or even essential to meet departmental objectives. Even more (97%) say the same about organizational objectives.

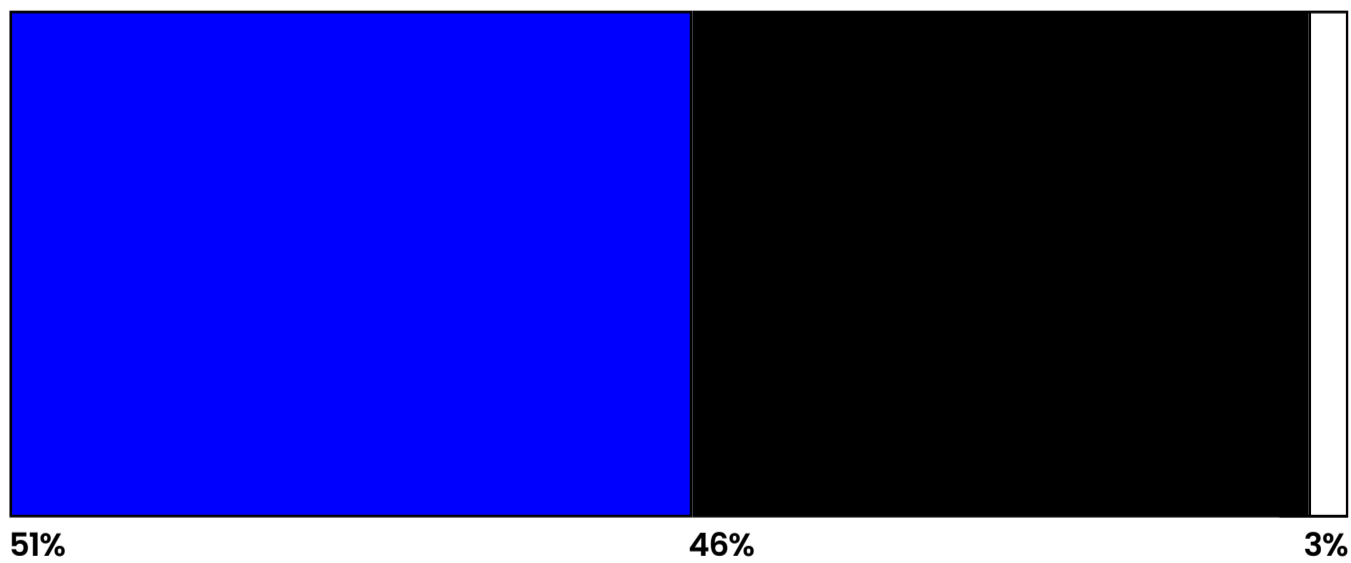
**81%** of finance and shared services leaders say processes are the lifeblood of their organization

## ■ Importance of optimizing processes

To meet finance objectives



To meet organizational objectives

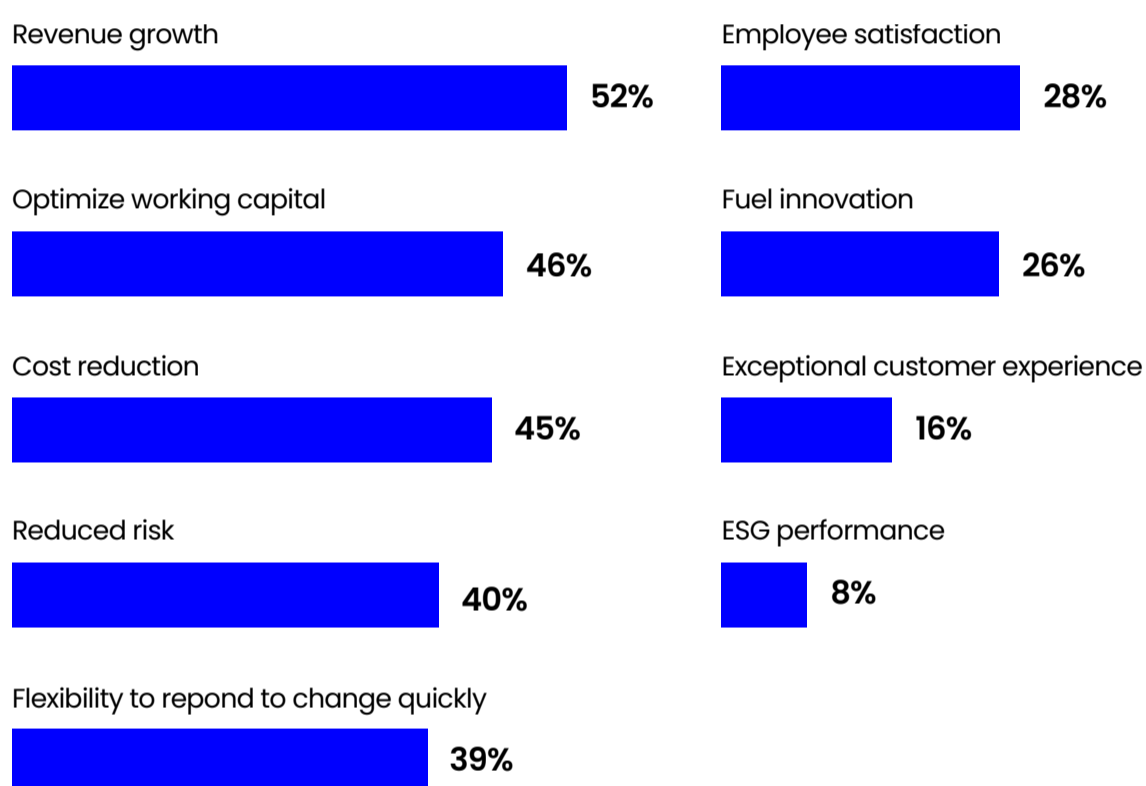


# The outcomes of process optimization

It's clear finance and shared services leaders recognize the power of process optimization as a value lever. To get a deeper understanding of the specific outcomes they're already achieving, or believe can be achieved, we asked them to pick their top three.

Financial outcomes such as revenue growth, working capital optimization, and cost reduction top the list, and outcomes such as reduced risk and the flexibility to respond to change aren't far behind.

## ■ The top outcomes of optimized departmental processes



### Optimizing processes to reduce risk

When compared with other functions, finance and shared services leaders are the most likely to see reduced risk as an outcome of process optimization. They're also the most likely to believe optimized processes will deliver increased employee satisfaction, which is encouraging in a function where employee engagement is a long-standing challenge.

These responses indicate finance and shared services leaders have high expectations of process optimization. In fact, 79% believe process excellence will emerge as a core business discipline within the next five years. But that doesn't mean there aren't obstacles to overcome, as we'll see in the next section.

**79%**  
believe process excellence will emerge as a core business discipline within the next five years

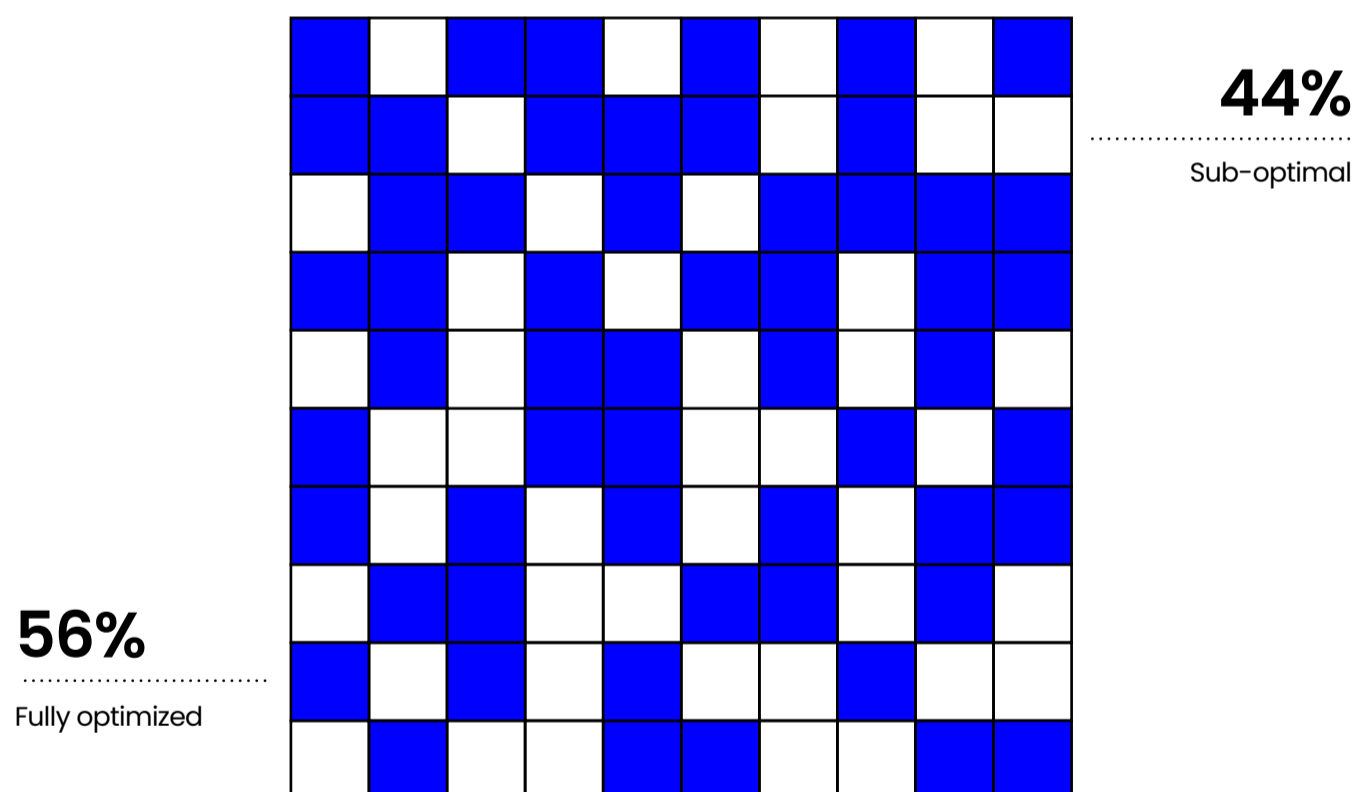
# Processes aren't running as they should

The survey responses reveal a strong appetite to use processes as a lever for value. But they also show enthusiasm doesn't necessarily translate into action. The reality is many departments are struggling with sub-optimal processes, and improvements can be elusive.

On average, only 56% of *business-critical* processes within finance functions are seen as fully optimized. That means a worrying 44% of processes in vital areas such as accounts payable or accounts receivable are running in a sub-optimal way. The likely fallout? Longer cash conversion cycles as well as negatively-impacted working capital and free cash flow.

And of course, there's a high chance that the 56% of processes that *are* seen as fully optimized could still be improved. Leaders' perceptions of process performance within their departments don't necessarily reflect the on-the-ground reality if these processes aren't being accurately measured.

## ■ Business-critical processes within finance



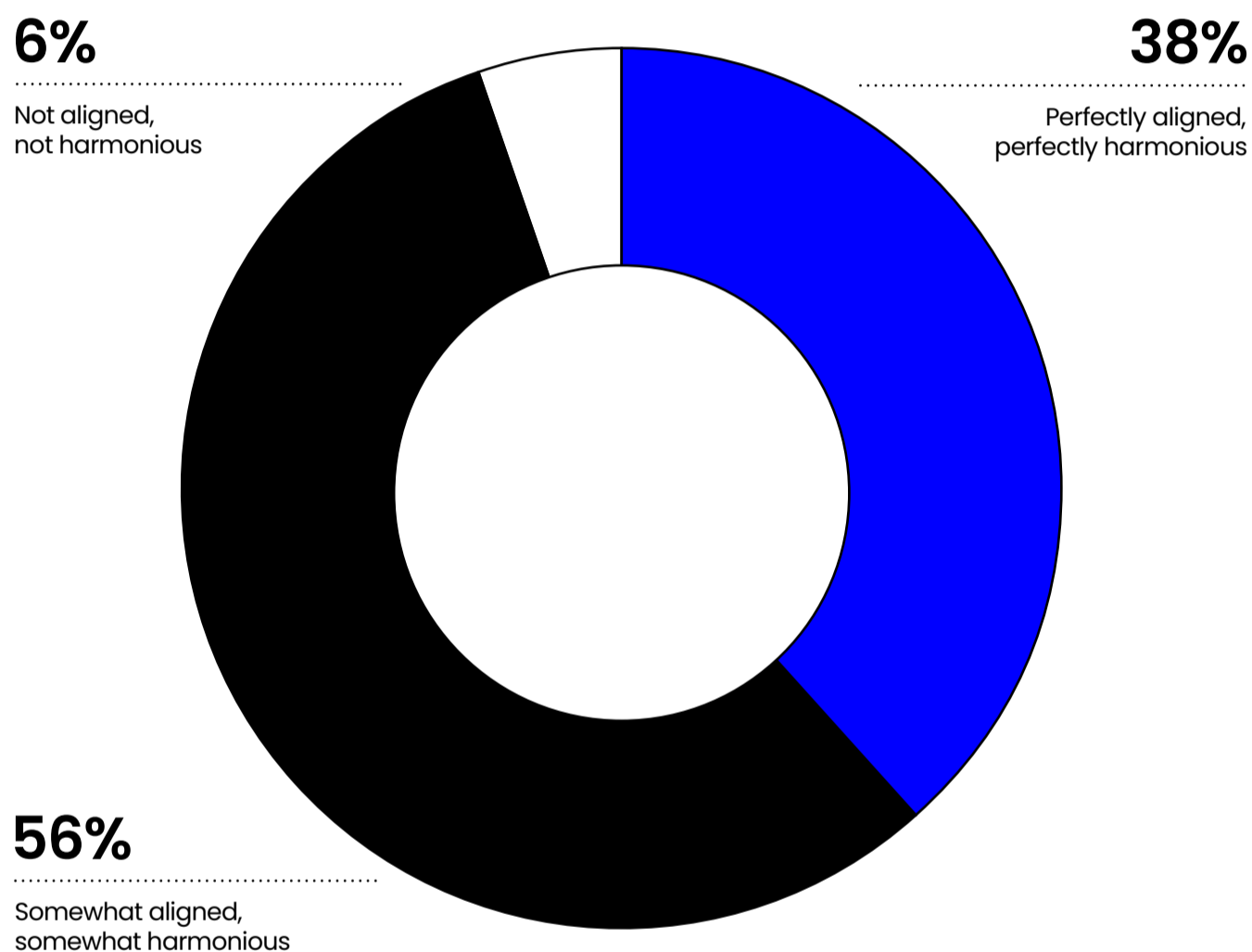


A similar picture emerges when considering cross-departmental processes, which is to be expected. If businesses have sub-optimal processes within individual departments, they're unlikely to have harmonious processes running across multiple functions.

When asked to describe the cross-departmental processes in their business, the majority (56%) of finance and shared services leaders say they are 'somewhat aligned' compared with just 38% that describe them as 'perfectly aligned'.

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**■ Cross-departmental process alignment**



# Process optimization is being neglected

Process optimization is a relatively broad concept that means different things to different people. For this research, we define it as:

*“Pinpointing a business-critical process that needs improvement, identifying the root cause of the problem, and then taking effective, sustainable action to optimize that process to drive a high-performance outcome.”*

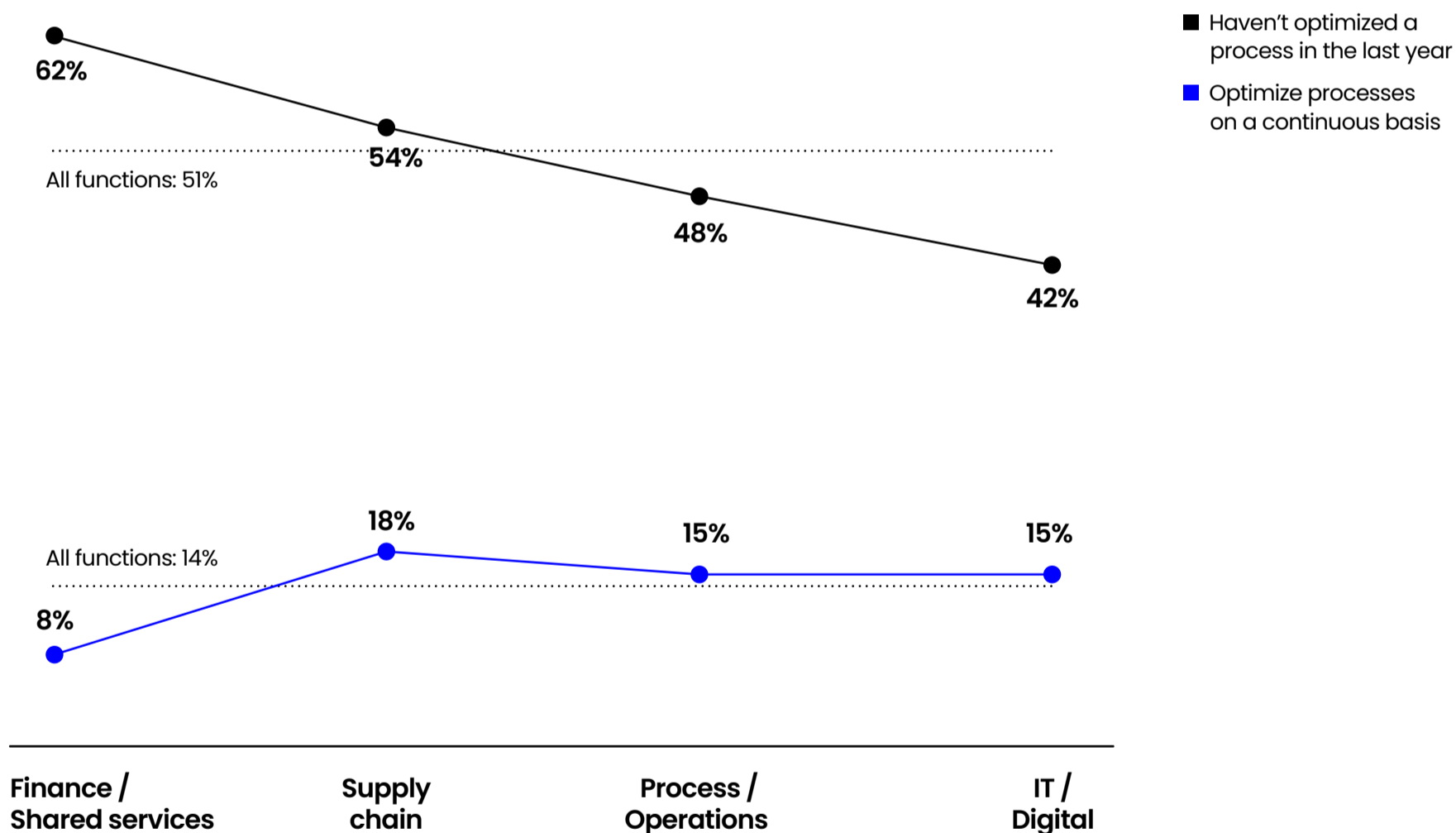
Asked about the last time their department took this action, finance and shared services leaders reveal process optimization is being widely neglected in their departments. Only 8% say they optimize processes on a continuous basis. Over three-fifths (62%) haven't optimized a process in the last year.

When we compare these findings with responses to the wider cross-functional survey, it becomes clear finance and shared services are lagging behind other departments in process optimization.

**62%**

of finance and shared services leaders haven't optimized a process in the last 12 months

## ■ Process optimization by function



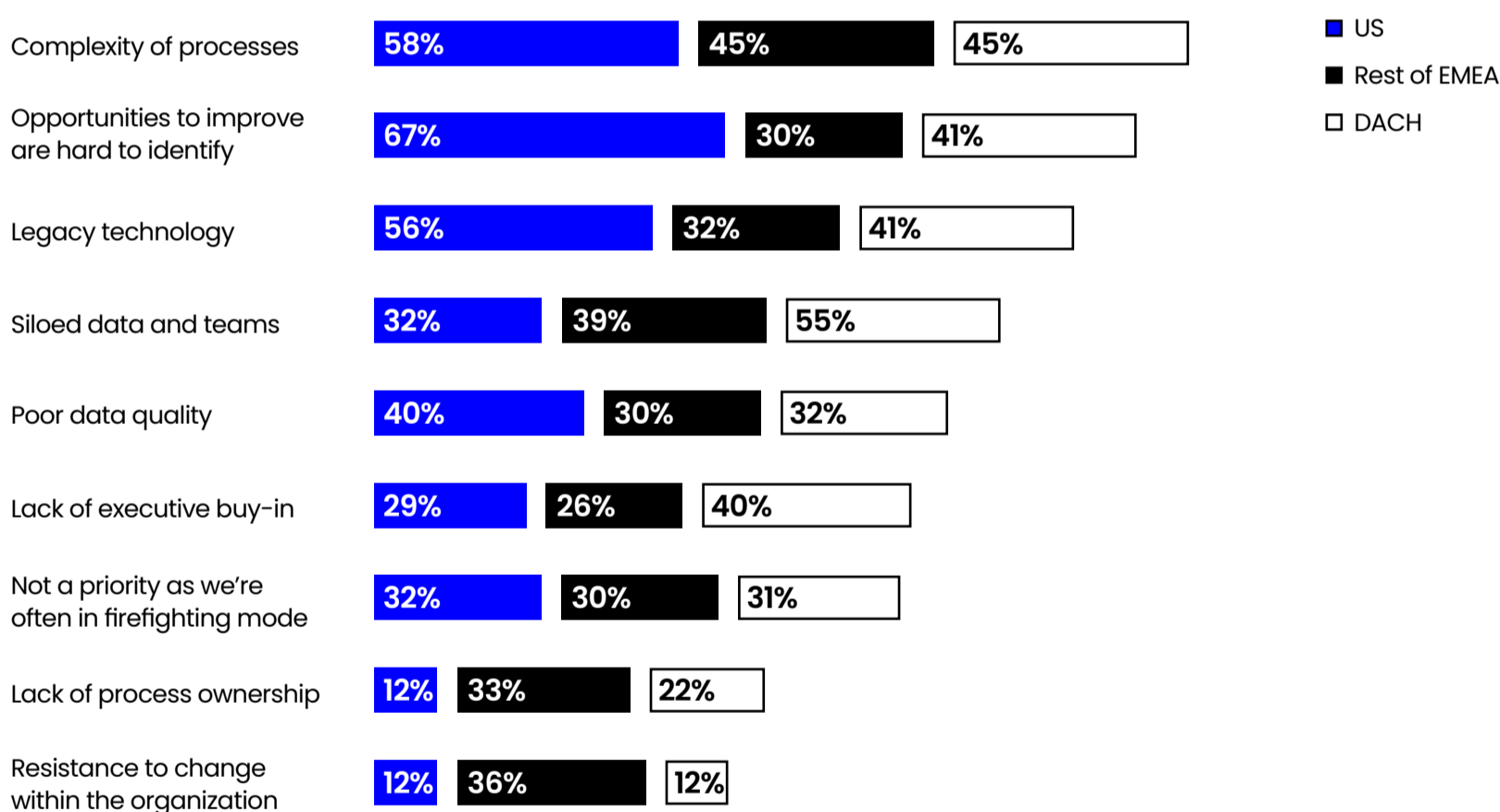
# Complexity, tech, teams: the barriers getting in the way

So, why aren't businesses making better use of the process lever when they so clearly understand its value?

The barriers are numerous and varied, according to the survey. Process complexity, difficulties finding improvement opportunities, legacy technologies, siloed data and teams, poor data quality, a lack of executive buy-in and process ownership, and resistance to change are all cited by a significant proportion as barriers to optimizing departmental processes. And almost a third say process optimization isn't a priority as they're often in firefighting mode.

We can see an overall disconnect within these enterprises. Departments speak their own languages, systems don't play well together, and processes are hard to see, which makes it difficult to move forward with optimization initiatives.

## ■ Barriers to optimizing finance processes



These responses reveal some marked differences in the barriers to process optimization experienced by teams in different regions. For instance, 67% of finance and shared services leaders in the US say difficulties identifying opportunities to improve are holding back process optimization, compared with just 30% in EMEA.

In general, those in the US are more likely to struggle with identifying opportunities for improvement, process complexity, legacy technology, and poor data quality. Teams in DACH see siloed data and teams, as well as lack of executive buy-in, as significant barriers to overcome. And in the rest of EMEA finance and shared services professionals are finding organizational resistance to change and a lack of process ownership more problematic than other regions.

## Businesses are paying a high price

So far we've seen how process neglect, exacerbated by a variety of barriers, is resulting in sub-optimal processes in finance and shared services functions. When departments look at these processes individually, the consequences may not seem that significant. But, as we saw earlier, a significant 44% of business-critical processes such as procure-to-pay and order-to-cash aren't running as well as they should. And when the impacts of each of these are added together, the effects are immense.

Once again, the number and variety of impacts identified by a significant proportion of finance and shared services leaders is notable. Loss of time and productivity is currently seen as by far the biggest impact, followed by missed opportunities to capture value and a negative effect on employee morale.

### ■ Impacts of sub-optimal processes on finance and shared services

Costs us time and reduces productivity



Lack of efficiency costs us money



Missed opportunities to capture value



Customer complaints and churn



Negatively affects employee morale



Prevents innovation



Damages enterprise reputation



Low service quality



#### Poor processes are costing time in the US

Finance and shared services leaders in the US are most likely to say sub-optimal processes cost them time and reduce productivity, with 75% giving this answer. They are also the most likely to think sub-optimal processes damage enterprise reputation.

Those in EMEA are the most likely to say they impact employee morale, increase customer complaints, and result in low service quality. And finance and shared services professionals in DACH are the most likely to say they miss opportunities to capture value due to poor processes.

Somewhat surprisingly, preventing innovation comes low on the list of current impacts, cited by just 16% of finance and shared services professionals. But this is unlikely to remain the case moving forward. As mentioned earlier, 77% of those already using AI are worried process shortcomings may hold back further implementation in the next two years, so we're likely to see preventing innovation rise up this list if process optimization is not prioritized.

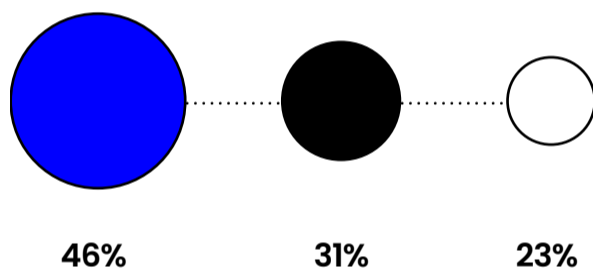
# Tech investment in the process era

Despite the barriers standing in their way, some finance and shared services leaders are attempting to unlock the value opportunities in their processes, with 46% already investing in process optimization tools and a further 31% planning to invest in the next three years.

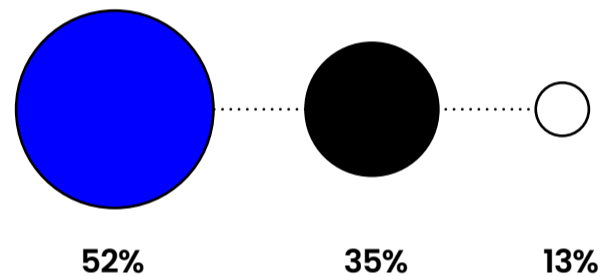
But when we look at the wider cross-functional survey we can once again see finance and shared services functions are falling behind other departments when it comes to investment in process optimization technologies. Almost a quarter (23%) have no plans to invest in the next three years compared with 13% of process and operations functions.

## ■ Process optimization tech investment

Finance / Shared services

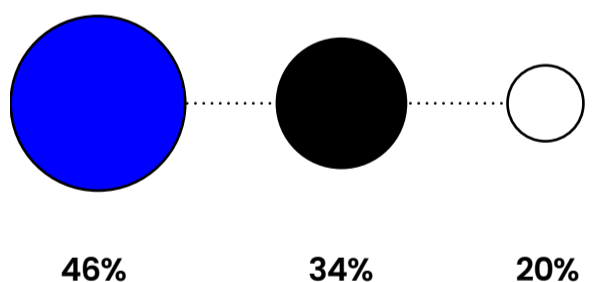


Process / Operations

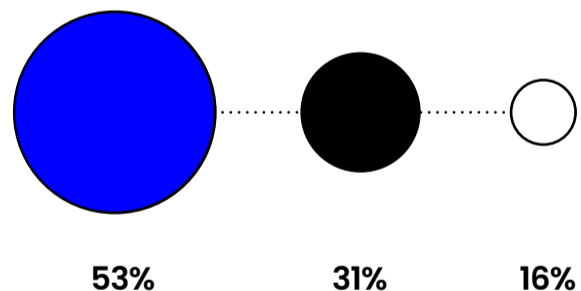


- Already investing
- Plan to invest in the next 3 years
- No plans to invest in the next 3 years

Supply chain



IT / Digital



So, what types of tools and techniques are being used by finance teams to identify and act on value opportunities within existing business processes?

With almost three-quarters (73%) of finance and shared services leaders saying a lack of visibility is the biggest enemy to process excellence, the tools and tactics they are using today tend to focus on increasing the visibility of processes so they can be optimized.

Business Intelligence (BI) tools are most commonly used, while Robotic Process Automation (RPA) and Business Process Management (BPM) are also popular. Process mining tools are currently least likely to be used but, as we'll see later, a significant proportion of respondents are exploring their use.

## ■ Techniques used for process visibility

Business Intelligence (BI) tools



71%

**Business Intelligence:** software that ingests business data and presents it in user-friendly formats such as reports or dashboards

Robotic Process Automation (RPA)



62%

**Robotic Process Automation:** automation technologies that mimic back-office tasks such as extracting data, filling in forms, and moving files

Use external consultants



53%

Business Process Management (BPM)



45%

**Business Process Management:** a method for visually representing workflows, designed to help businesses model and understand processes more clearly

Map them out internally using standard office software e.g. Excel



37%

Process mining tools



26%

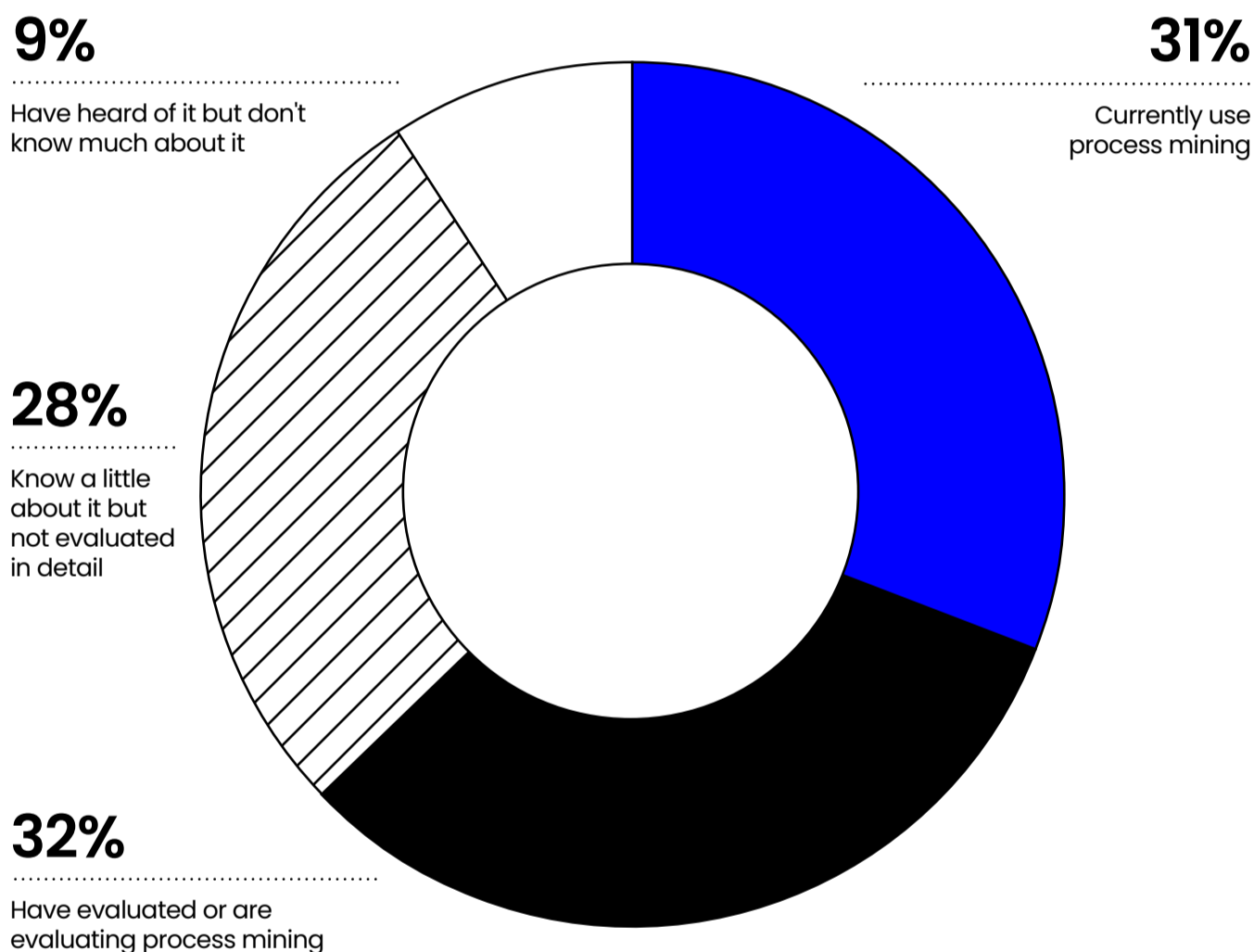
**Process mining:** a technology that discovers, monitors and improves actual processes by leveraging real-time and historical data for business processes and operations

## Process mining is gaining traction

Process mining is currently the least used tool for gaining visibility into finance processes, but it is gaining traction. Its importance as a key enterprise technology is highlighted by the fact that Gartner® published its first Magic Quadrant™ for Process Mining Tools in 2023.

While only 26% of finance and shared services professionals say they use process mining tools specifically for gaining visibility, 31% say they are currently using the technology in some form (mostly as part of an integrated tool or software suite). A further 32% are already evaluating process mining.

### ■ Familiarity with process mining



When asked about specific challenges their department or job function faces, over two-thirds of finance and shared services leaders say they find 'identifying and defining opportunities for improvement within a process' difficult. Here's how process mining addresses that issue, as well as six other common challenges experienced by over half of respondents.

## ■ Process challenges faced by finance and shared services

■ Very challenging ■ Challenging □ Not so challenging

### Challenge

### How process mining helps

Identifying and defining opportunities for improvement within a process

Process mining provides an MRI of finance processes to rapidly uncover hidden value opportunities



Understanding how processes interact

The latest iteration of process mining, object-centric process mining, allows organizations to visualize how processes interconnect across operations



Orchestrating improvements across people, processes, and technologies

Process mining layers on top of existing systems to allow businesses to look holistically across processes and take an end-to-end approach to improvements



Understanding how processes actually run

Process mining extracts data from business systems to accurately visualize finance processes as they actually run



Measuring how a process currently performs

Process mining quantifies the impact of process performance on specific KPIs



Analyzing how to optimize the process

Process mining continuously observes how processes are performing, and recommends the right actions to capture value



Migrating systems

Process mining supports each system migration phase, from standardizing processes pre-migration to maximizing value post go-live

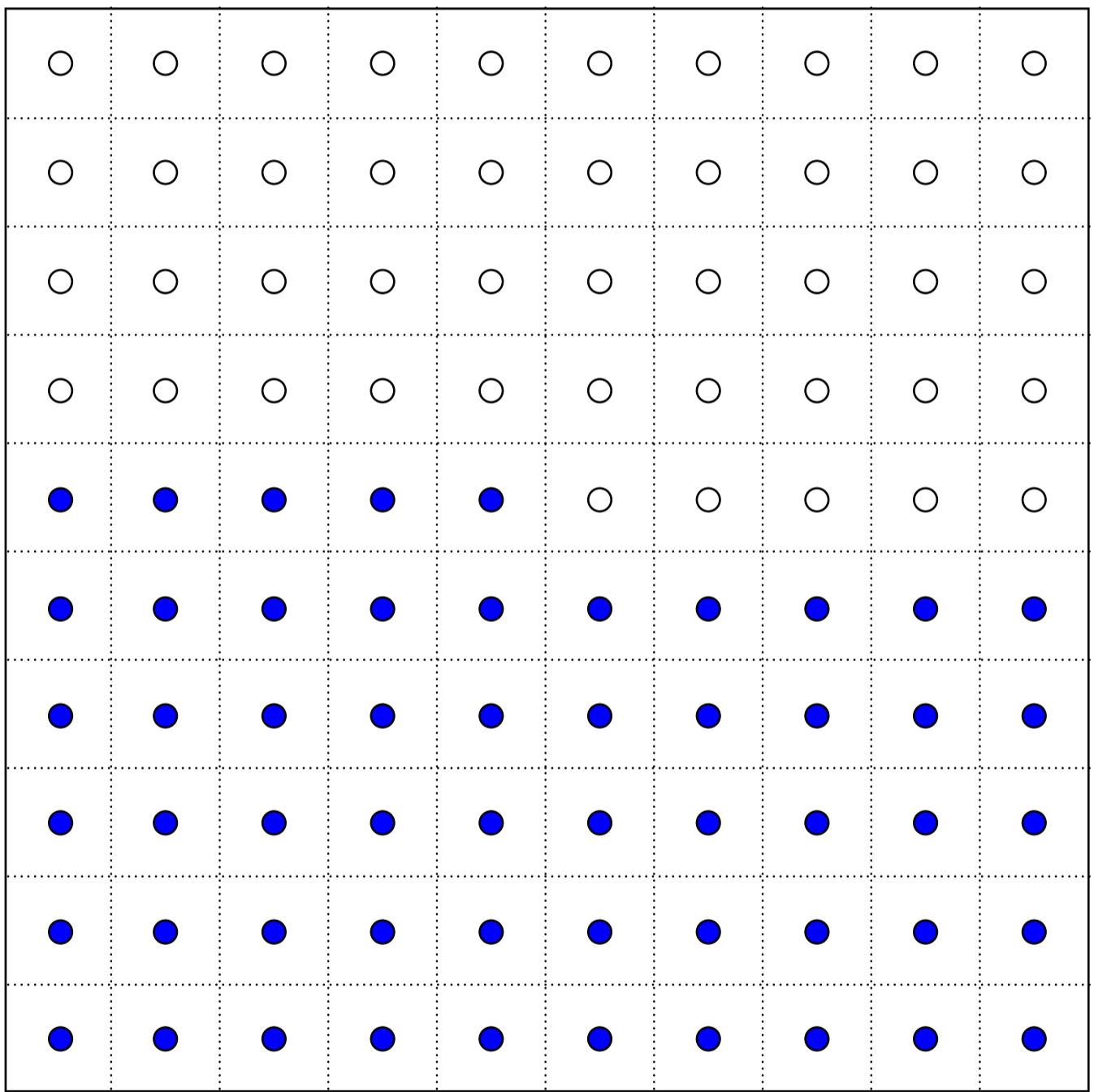




# Adoption requires strong leaders

Change management is always challenging. Driving the process optimization agenda forward requires individuals or departments within organizations to act as changemakers. Leaders that don't just accept the status quo, but take action to make their businesses more efficient and effective.

Other business functions don't necessarily recognize this potential in finance. In fact, looking at the cross-functional survey, they say it's the department most likely to be a process excellence laggard. But that's not the case within the function itself. Over half (55%) of finance and shared services leaders see the finance function as actual or potential changemakers, ready and able to move their organizations towards process excellence.



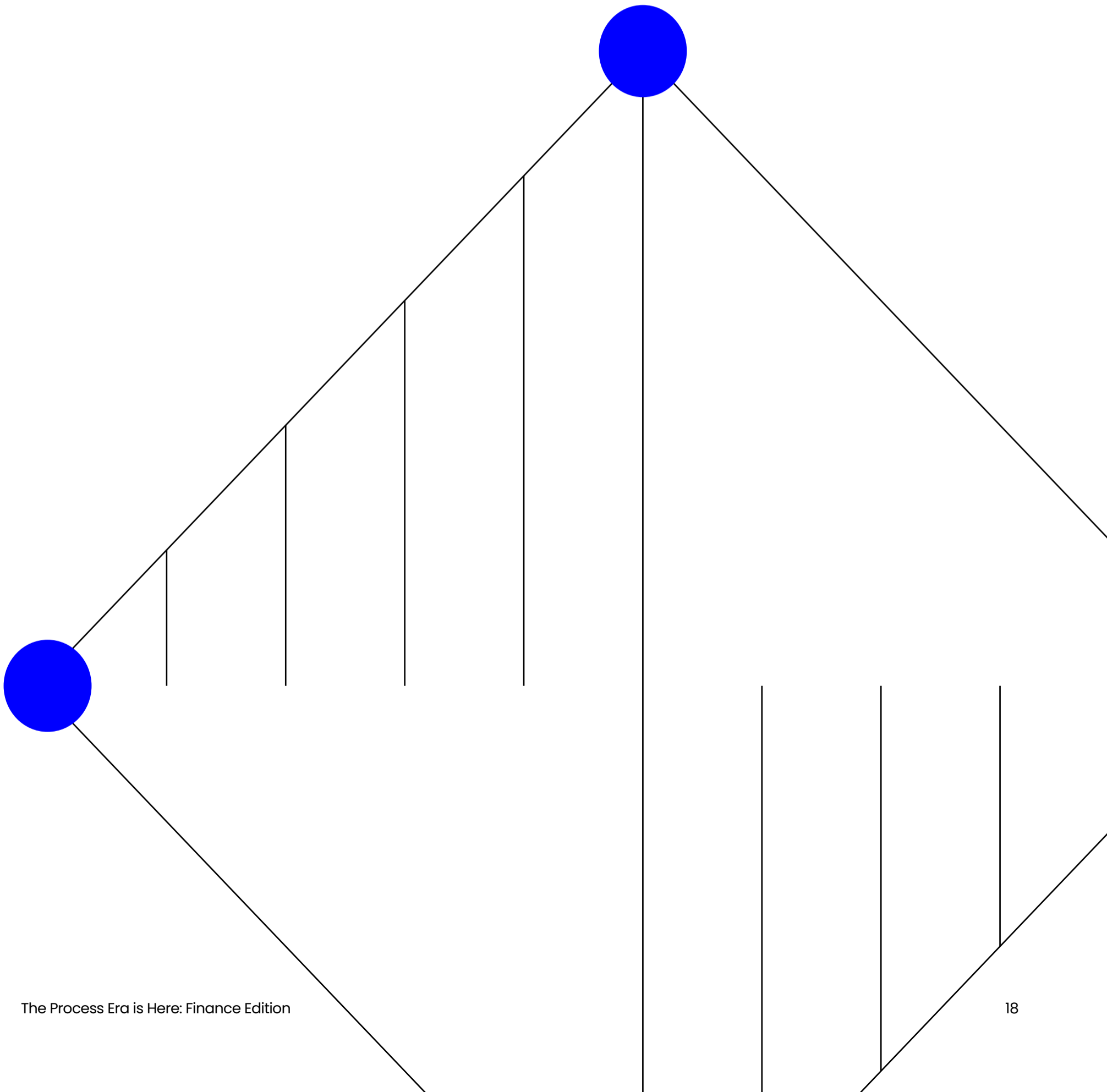
**55%**  
of finance and shared services leaders see the finance department as changemakers

# Finance and shared services have ground to make up

Although finance and shared services are currently lagging behind other functions in optimizing processes and investing in related technologies, enthusiasm for process optimization is high and its benefits are well understood. These teams see themselves as potential leaders that can use process improvement to cut costs and adapt to change in an unpredictable world.

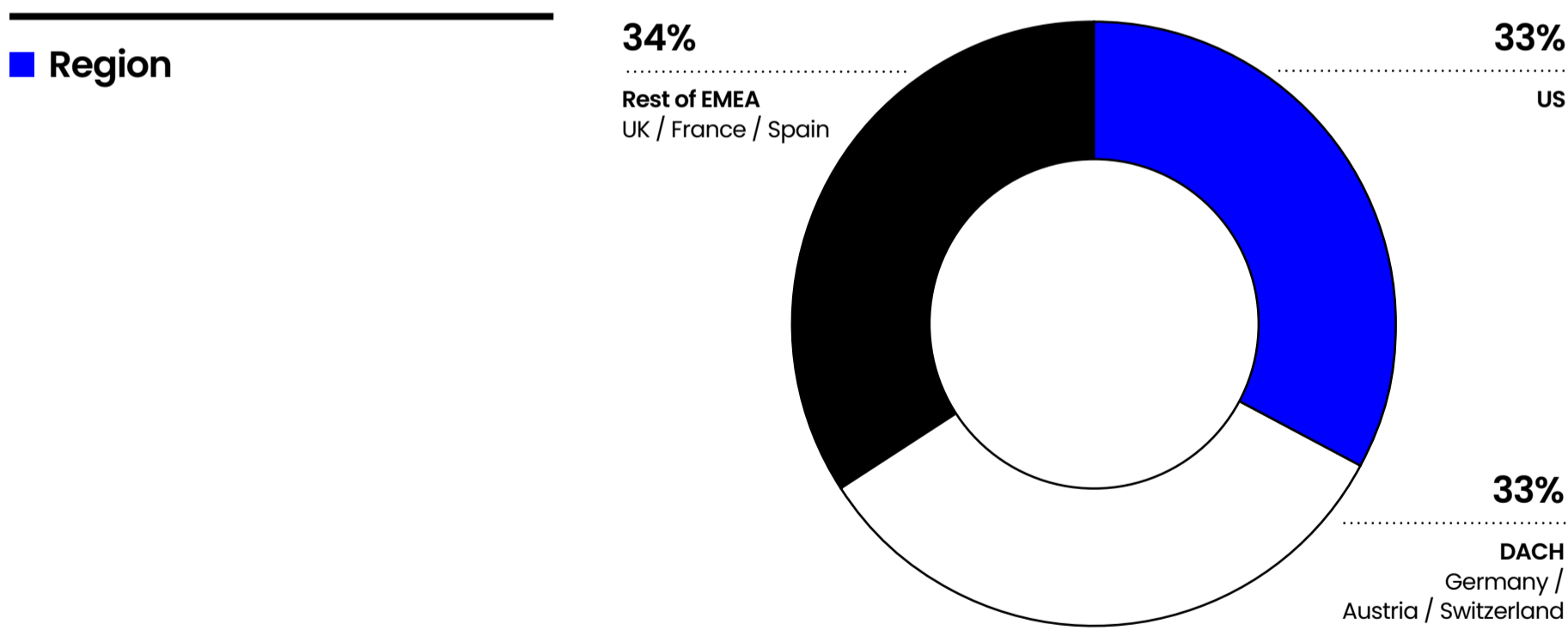
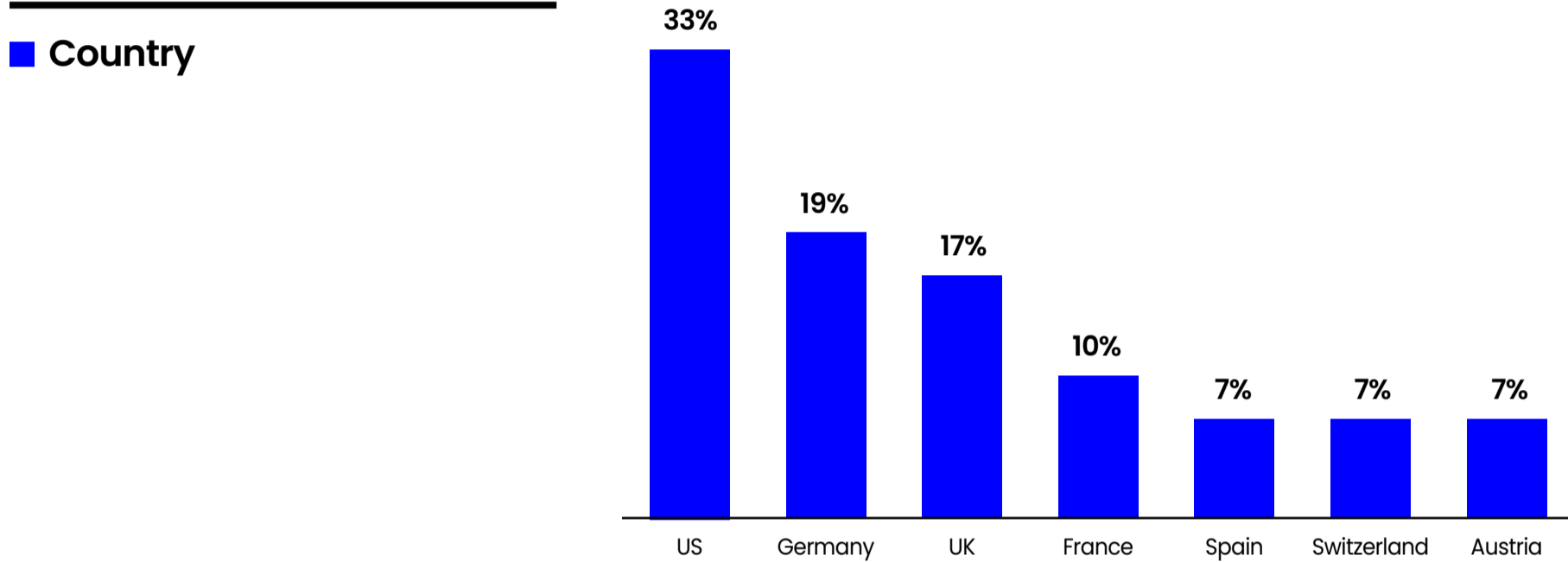
**Get in touch to find out more about how your finance department, shared services center, and wider organization can use process mining to capture value and make your processes work for you.**

**Let's talk**



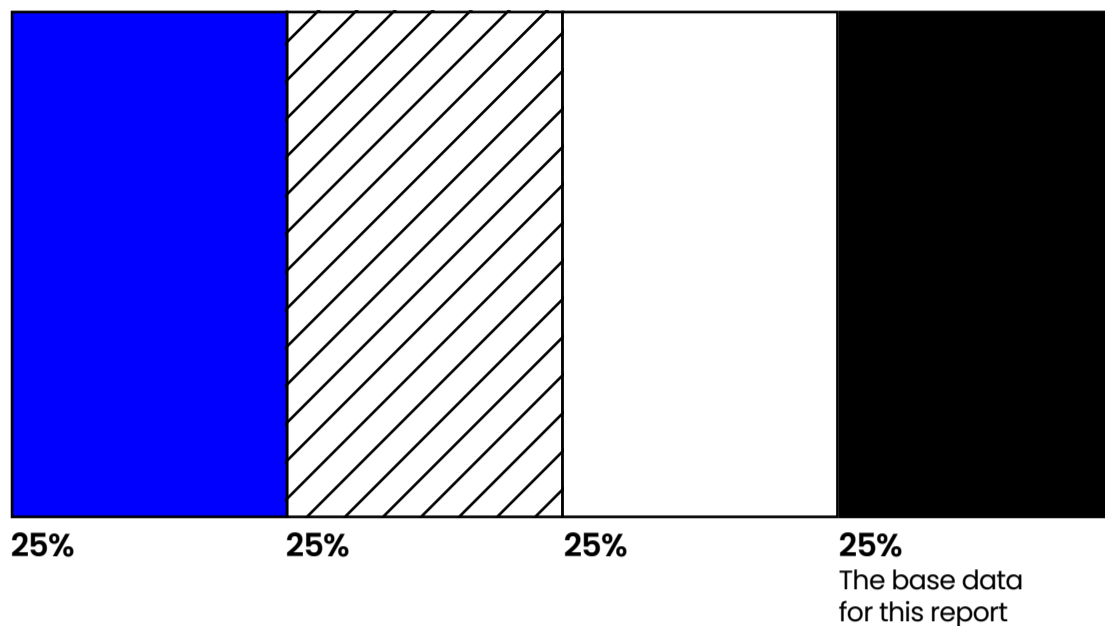
# Survey methodology

The research was conducted by Insight Avenue, an independent, third-party, specialist B2B and technology research consultancy. 1,217 interviews, with around 400 in each of three regions and 300 in each of four job functions, were conducted during August and September 2023. Business leaders were interviewed from organizations with revenue of \$500m+ across a range of sectors.



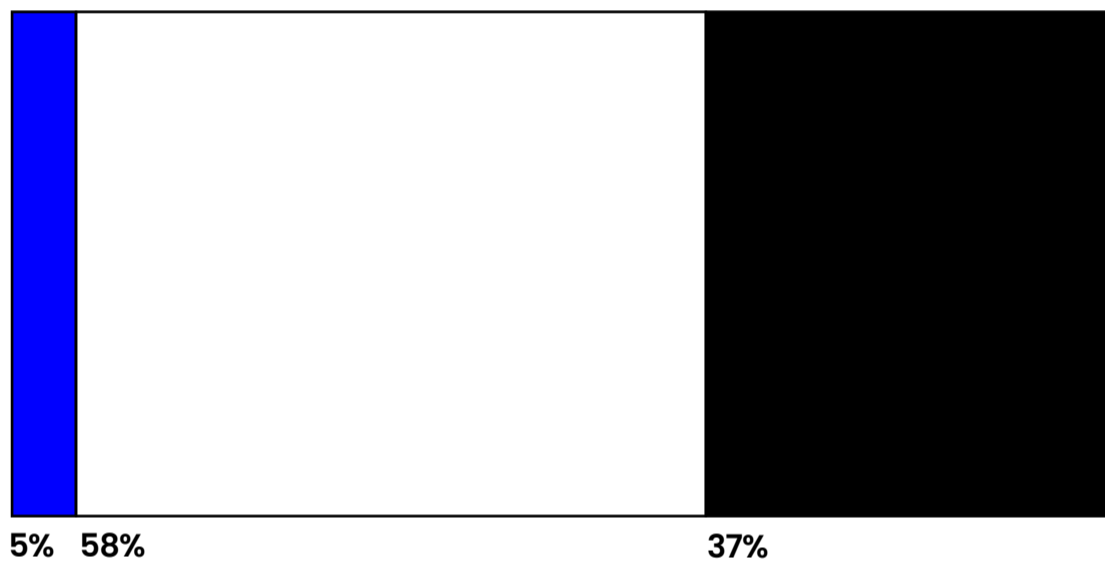
### Job function

- Operations, Process improvement, Process excellence
- ▨ IT, Digital
- Supply chain, Procurement, Demand planning, Logistics, Order management
- Finance, Shared services



### Seniority

- Board, C-level
- Head of department, Director
- Senior manager

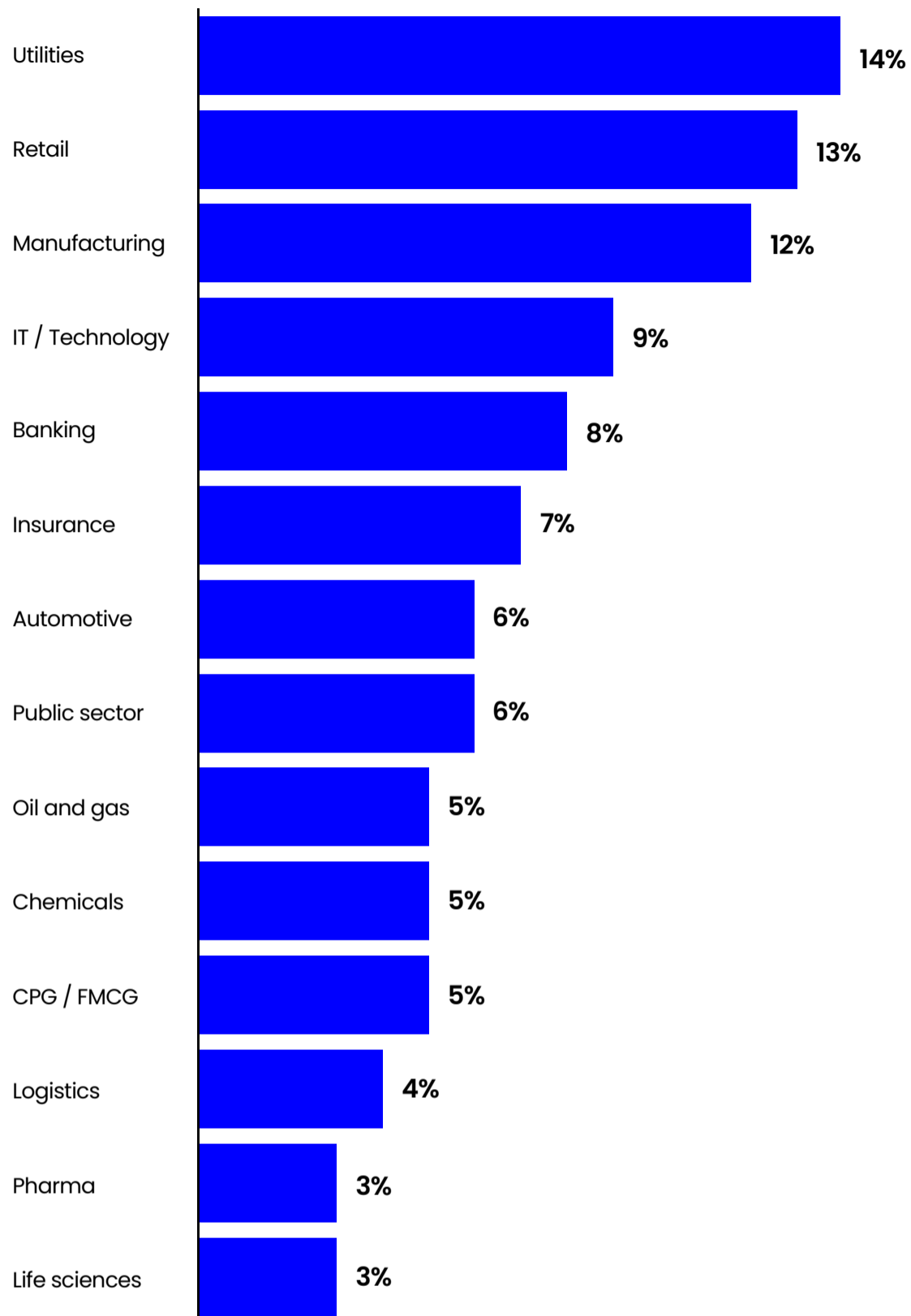


### Revenue

- \$500 million - \$2 billion
- \$2 billion - \$10 billion
- More than \$10 billion



**■ Industry sector**



## About Celonis

Since 2011, Celonis has helped thousands of the world's largest and most esteemed companies yield immediate cash impact, radically improve customer experience, and reduce carbon emissions.

Its Process Intelligence platform uses industry-leading process mining technology and AI to present companies with a living digital twin of their end-to-end processes. For the first time, everyone in an organization has a common language for how the business runs, visibility into where value is hiding, and the ability to capture it. Celonis is headquartered in Munich, Germany and New York City, USA with more than 20 offices worldwide.

Find out more at [celonis.com](https://celonis.com)

The Celonis logo consists of the word "celonis" in a lowercase, sans-serif font. A white, irregular, cloud-like shape is positioned behind the letters "e" and "l", partially overlapping them.

