

RESEARCH
REPORT



JANUARY 2025

Automating the Record-to-Report and Financial Close Process

Rizal Ahmed & Grant Suneson

RESEARCH PARTNER



SPONSORED BY



Executive Summary



“We have just started a program to use AI for our Finance members because we want the advantages of using AI. We are implementing a new team just for AI”

FINANCE MANAGER, NORTH AMERICAN RETAIL ORGANIZATION

THE RECORD-TO-REPORT AND FINANCIAL CLOSE PROCESSES are essential workflows for finance and accounting teams. However, these important cycles can often be impacted by challenges like manual work, data integrity issues, siloed work streams, and more.

To overcome these issues, many SAP organizations are beginning to leverage advanced capabilities like AI and automation. If used correctly, these tools can help accomplish essential tasks, maximize efficiency, minimize errors, and allow finance and accounting teams to spend their time on other important work. Yet not all companies have started implementing AI and automation, and those that have reported mixed results in these endeavors.

To give our readers a better sense of the AI and automation landscape as it applies to the financial close and record-to-report processes, SAPinsider surveyed 108 members of the SAP finance and accounting community from August 2024 to January 2025. The survey aimed to understand evolving financial close and record-to-report transformation strategic priorities among SAP customers.

One point that became clear from the data is that many companies still rely on manual methods and outdated tools to perform these essential tasks. Whether it involves spreadsheets or emails, these legacy practices can result in inefficiencies and errors throughout these processes.

These methods are likely on their way out, as increasing regulatory pressure can make financial close and record-to-report processes more complicated. SAPinsider research found that the average company takes more than nine days to complete their financial statement review and finalization activities (including management adjustments). This is down slightly from 11 days in the previous survey, indicating that companies are better able to streamline these important processes, but still have a long way to go.

Why SAPinsiders are Turning to AI and Automation

By and large, companies recognize that doing away with manual processes is an important step they need to take. When SAPinsider's survey asked respondents what most impacts their organization's approach to financial close

and record-to-report process, the pressure to reduce manual and repetitive financial accounting tasks was far and away the top response, as it was cited by 55% of respondents. **(Figure 1)**

This represents a significant jump from the previous version of this survey in 2023, as this pressure was also cited as the top response, yet it was only named by 37% of respondents. This is a clear indication that finance and accounting teams are keenly aware that there is room for improvement within their financial close and record-to-report processes, as are their executives.

Finance leaders and other executives need accurate and up-to-date information to better understand their organization's financial health, yet with closing activities taking well over a week, these leaders are unable to get a clear picture. AI and automation hold the keys to reducing these delays by streamlining operations and accomplishing lengthy, time-consuming manual tasks.

FIGURE 1



The second-highest response was the move to SAP S/4HANA presents an opportunity to consolidate financial activities, at 32%. In the previous survey, this was the least-selected response at 15%. In less than two years, the share of organizations indicating that SAP S/4HANA is a major driver in their decision to leverage AI and automation doubled. This is likely due to increasing adoption of the new SAP deployment, as more and more SAP organizations realize the promise and opportunity that it holds.

One in four respondents said the need for increased capacity for FP&A professionals to focus on more high-value, strategic tasks drove their emphasis on AI and automation. This pairs with the top driver of reducing manual tasks, emphasizing how organizations need their finance and accounting teams to have more time to drive value.

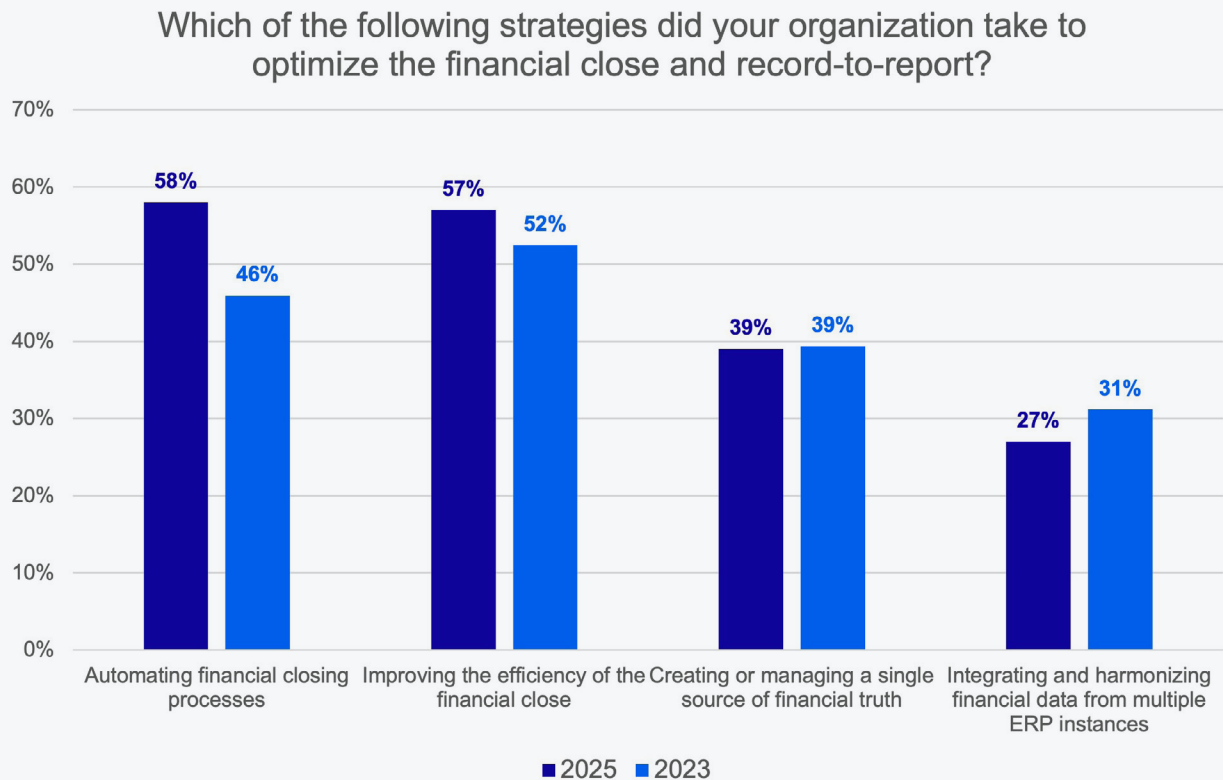
Making the Move

When SAPinsiders begin to implement AI and automation solutions, they have a clear target – the financial close. When asked to describe how they optimize important financial processes, the top two responses were automating financial closing processes (58%) and improving the efficiency of the financial close (57%).

When companies automate journal entries and intercompany transactions, they are able to expedite the entire close process, using advanced capabilities to accomplish repetitive tasks. Prolonged financial close processes can open companies up to errors and non-compliance issues, as well as delaying business leaders from receiving valuable insights.

(Figure 2)

FIGURE 2





“On a 1-10 scale, our efforts to infuse automation into Record to Report and Financial Close Processes have been a 10. Finance remains very open to system/solution improvements which enable them to handle more complex RTR/Closing and more, with static staffing levels”

BARRY TREAHY, ITS SENIOR APPLICATIONS MANAGER

SAPinsiders also highlighted the need for a single, unified source of information. Some of the other top strategies that respondents selected were creating or managing a single source of financial truth (39%) as well as integrating and harmonizing financial data from multiple ERP instances (27%).

Separate and disjointed sources of financial information can make it difficult for business leaders to gain an accurate understanding of their business. While many SAP organizations are making the move to SAP S/4HANA, they are taking the opportunity to find solutions that allow them to view all their financial information in one single space.

Another key part of providing this financial picture is ensuring that all data is accurate and harmonized. Companies must consolidate all information, pulling together financial data from disparate ERP instances so that all areas of the business are contributing to a single, unified vision.

What Companies Need to Do to Improve Financial Transformation

As organizations seek to optimize the financial close and record-to-report processes, they come to understand that they will require many different process improvements, features, and capabilities to fully realize their collective visions.

When asked about which capabilities were most important to their strategies, SAP organizations consistently emphasized their need for accurate information that is accessible to all relevant parties.

When asked to rate the importance of different capabilities within the financial close and record-to-report processes, 93% of survey respondents said that automated and standardized closing processes and alerts are either “important” or “very important” – the highest share of any response.

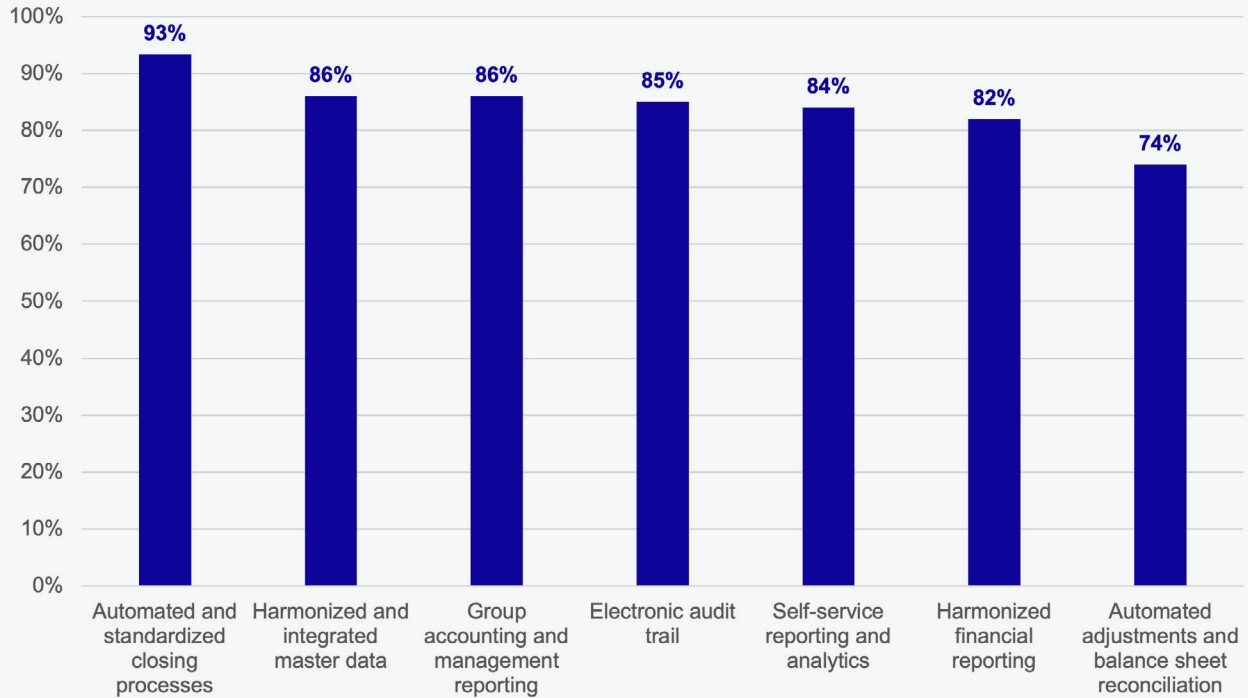
Ensuring that all areas of the business have a standard and automated closing process reduces the risk of errors and maintains efficient and predictable closing timelines. Alerting all relevant parties to the progress of the financial close throughout the process also helps reduce bottlenecks and expedite the financial close process.

Group accounting and management reporting was also a top response, cited as “important” or “very important” by 86% of respondents. Being able to consolidate financial data across all entities within an organization provides decision makers with one clear picture of the overall financial health of the business. This gives them the opportunity to make better and more-informed decisions. **(Figure 3)**

An identical share (86%) of respondents also selected real-time harmonized and integrated master data as a requirement. This underscores the consistent responses that finance and accounting teams need accurate data to properly.

FIGURE 3

Which capabilities are most important for your financial close and record-to-report strategies?



Without accurate and harmonized data, all other parts of the financial close and record-to-report processes cannot provide value to the organization.

Additionally, 85% of SAPinsiders said a fully-documented electronic audit trail also played a major role in meeting their financial goals. Ensuring that all transactions, documents, and relevant items are automatically stored and cataloged in the event of an audit adds an extra layer of protection against any audit concerns.

Another major requirement was self-service reporting and analytics, selected as “important” or “very important” by 84% of respondents. Finance and accounting teams are under a growing amount of pressure to deliver actionable insights to business leaders to help them guide their organizations. Self-service reporting allows these team members to generate reports and visualization

on their own, cutting down on wait times and bottlenecks that emerge when IT teams are brought in to generate these reports.

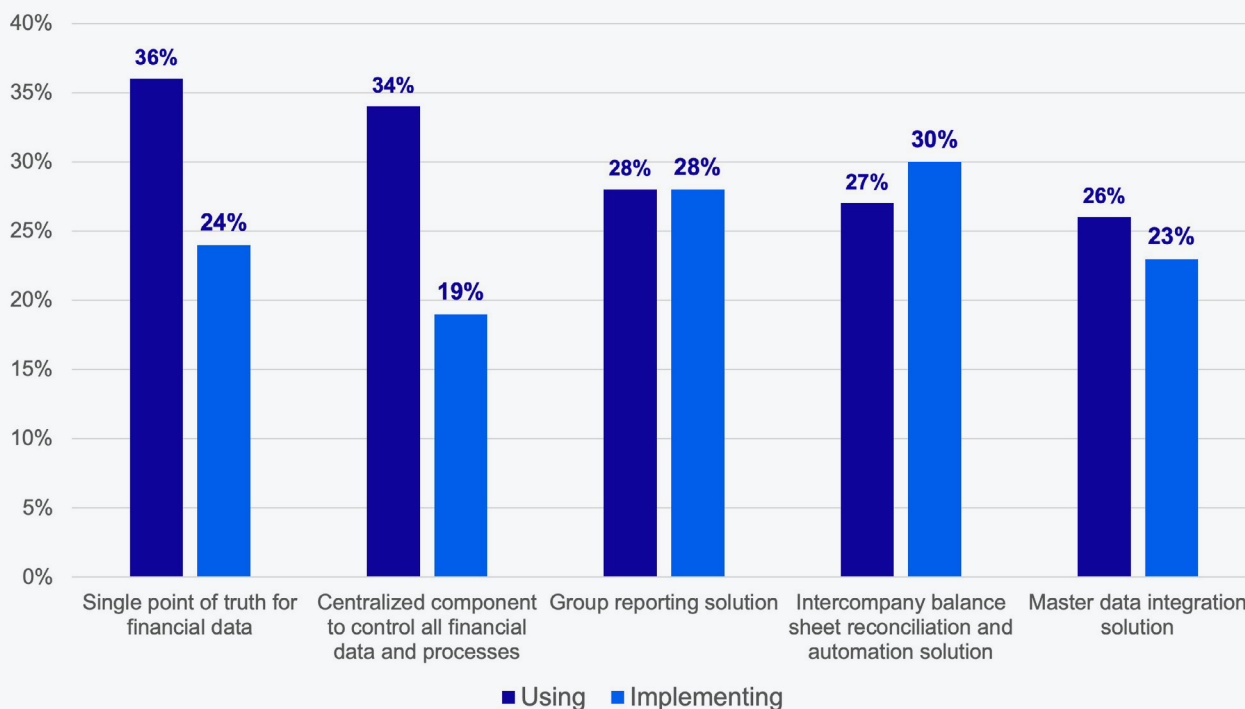
What Technological Solutions are SAPinsiders Using?

To accomplish some of their goals in optimizing the record-to-report and financial close processes, SAPinsiders have leveraged a variety of technological solutions. Yet no solutions SAPinsider were polled about have achieved significant market penetration.

The most commonly used solution that companies have used is a single point of truth for financial data, leveraged by 36% of respondents, with a further 25% saying they are actively implementing such a tool. Additionally, 34% are using a centralized component to control all financial data and processes, with 19% implementing that component. **(Figure 4)**

FIGURE 4

Which of the following technologies is your organization currently using or planning to use?



As demonstrated with earlier questions, organizations are prioritizing centralization and standardization of data and processes to improve their record-to-report and financial close processes. Ensuring that finance and accounting teams as well as business leaders can all access accurate, timely data from one standardized repository is essential to bolstering the efficiency of these processes.

Even the organizations without these points of truth or centralized components are generally aware of how important they are. The vast majority of respondent organizations that do not have these solutions yet are at least evaluating them and understand that they need to access solutions like this.

Other technological tools like group reporting solutions, intercompany balance sheet reconciliation, and master data integration are being used by roughly one-quarter of respondents but are being frequently implemented to

the extent that they will be in use by over half of SAP organizations in relatively short order.

Understanding the SAP Landscape

There are a litany of different factors affecting how companies can adopt automation technologies into their financial close and record-to-report processes. One of the most significant is ERP complexity and advancement.

According to SAPinsider's survey results, the average organization runs seven different ERP instances and has 44 different entities involved in its period-end financial close. Unsurprisingly, SAP organizations tend to handle the vast majority of their financial activities on SAP ERP systems – 59% of respondents said 60-99% of their financial activities are on SAP, while roughly one out of eight respondents use SAP exclusively.

“Other competitors utilize their SAP much more effectively and efficiently. We are not utilizing SAP the way it was intended since implementation, and it is impacting the ability to be fluid as the business/ industry changes”

**NORTH AMERICAN FINANCE
MANAGER IN THE RETAIL SECTOR**

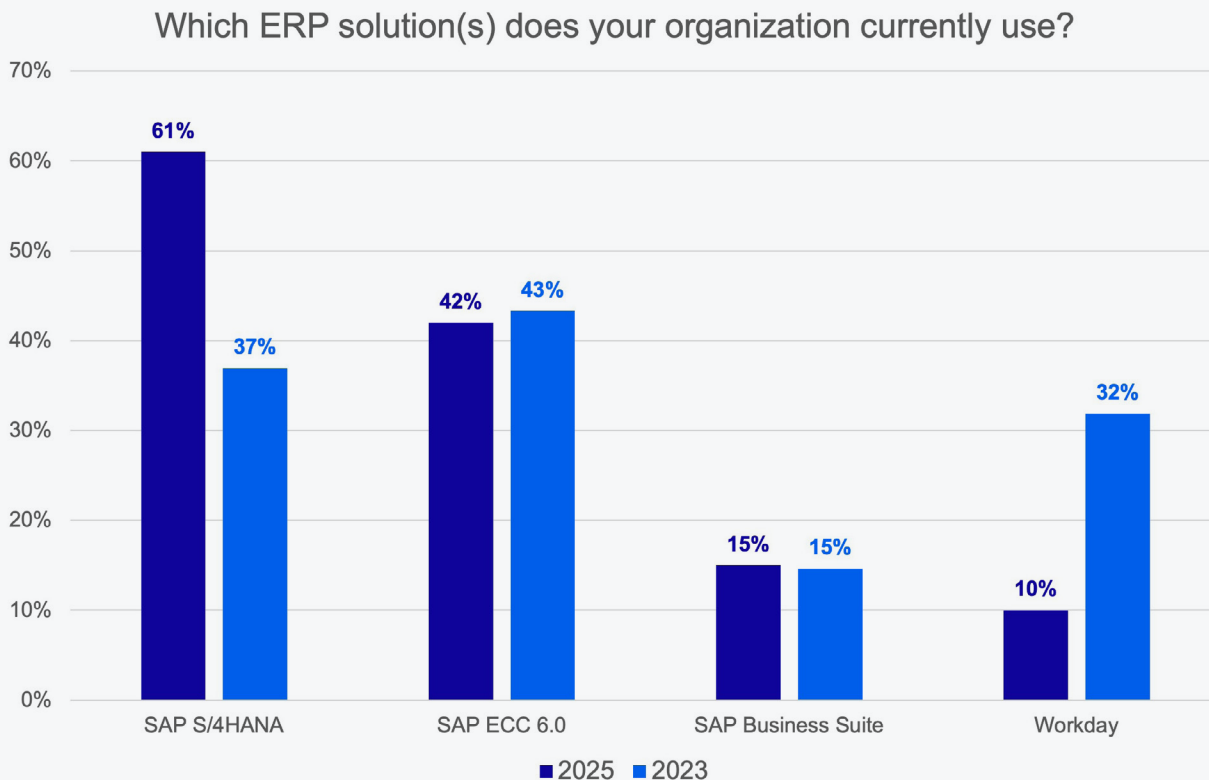
SAP organizations are largely caught between SAP ECC and SAP S/4HANA – 61% of respondents are running SAP S/4HANA, 42% use SAP ECC, while a smattering of others use SAP Business Suite, Microsoft Dynamics 365, Workday, Oracle, and others. **(Figure 5)**

This demonstrates the significant uptick in SAP S/4HANA usage. In less than two years, the share of companies using at least one SAP S/4HANA instance increased from 37%. Yet companies are still largely using SAP ECC in similar measure, indicating that many organizations still have yet to fully transition to the new ERP instance.

These figures are roughly similar when concerning the record-to-report process specifically – 58% use SAP S/4HANA and 45% use SAP ECC. Further, other SAP offerings like SAP Business Warehouse (31%), SAP S/4HANA Finance for Group Reporting (27%), SAP BW/4HANA (26%).

SAP’s partnership with BlackLine is also gaining traction, as SAP Account Substantiation and Automation by BlackLine is used by 14% of respondents, and SAP Intercompany Financial Hub by BlackLine was cited by 12%.

FIGURE 5





“Due to budget constraints and scoping, we’re probably not taking advantage of the full suite of automation that we could, but there should be some automation that we can start using, like approval workflows, for example. Another example is the built-in functionality of ensuring the Finance (FI) and Controlling (CO) Modules within SAP S/4HANA are always in balance. This will alleviate the need to perform periodic manual reconciliations and adjustments throughout the fiscal year”

CONTROLLER, PUBLIC SECTOR

As companies complete the move to SAP S/4HANA, automation is likely to pick up as well. Though there are rumblings that the 2027 end of maintenance deadline may be pushed back yet again, SAP is still pushing its users to make the move, prioritizing the cloud and the innovation potential it holds.

Organizations that make the move can benefit from enhanced capabilities up and down their SAP landscape, especially within their financial close and record-to-report processes.

Implementing Automation and AI in the Financial Close and Record-to-Report

As with many other areas of essential business workflows, automation is one of the hottest topics in financial close and record-to-report. An increasing share of SAP organizations are at least considering automated solutions to reduce manual workloads, decrease the chances of manual errors, and ensure all data is properly recorded.

By far, the top area in which organizations are using or implementing automation the most is in financial recording. Between sub-ledger data, accounts receivable, accounts payable, and more, over 70% of companies will be using automation to extract and catalog information throughout the record-to-report process.

Automating this process spares finance and accounting professionals from manual data entry work which can be dull and time-consuming, freeing them up to work on tasks that better make use of their skills and experience.

Other tasks in which a majority of companies are adding in automation are reconciliation management (56%), journal entry management (52%), and master data management/assurance (51%). These areas also represent the “low-hanging fruit” of automation – using technological solutions to take simple tasks off of the plates of finance professionals, speeding up the overall record-to-record process.

Though some organizations do have automation implemented in these key areas, it is important to remember that there are different levels of automation. It is not as simple as going from all manual processes to flipping a switch and all of these important processes take care of themselves.

Respondents were asked to evaluate the share of their organization’s level of automation for the record-to-report processes discussed previously. Just 30% said they had automated between 75-100% of all financial recording tasks, with 43% saying they automated less than half of these recording processes.

For the other most popular areas of automation (reconciliation management, journal entry management, and master



“Our organization exists in multiple different industry areas and follow different practices. In some areas we are advanced and in others we are lacking”

FINANCE AND ACCOUNTING
PROFESSIONAL AT A NORTH
AMERICAN INDUSTRIAL COMPANY

data management/assurance) most organizations said they had also automated less than half of the tasks in these areas.

AI and automation usage is inconsistent across different companies – and sometimes even within the same company, as evidenced by some of the responses to SAPinsider’s survey:

- “We are currently not using AI, a lot of things are done manually,” said one respondent.
- “Due to capacity and resource constraints, we cannot move as quickly as we would like to.”
- “We have the latest technology; we just need to use it better.”
- “We have implemented central finance and AI and automation capabilities that come with CFIN are already there. But I think we are still missing a big chunk of automation.”

This indicates that companies are at the beginning stages of implementing automation throughout the financial close and record-to-report process. Many companies are only beginning to become comfortable with the idea of taking important workflows out of human hands and turning them over to automated solutions.

Barriers to Automation

The move to automation can be a difficult process for some organizations, particularly larger ones, as they struggle to get executive buy-in across the board. Competing priorities can sap budget from automation initiatives, while privacy and accuracy concerns may cause some businesses to shy away from automated solutions.

When asked about the barriers they have encountered while implementing AI and automation technologies in your finance processes, complexity of business and operational change (47%) was the top response, followed closely by competing priorities (43%). **(Figure 6)**

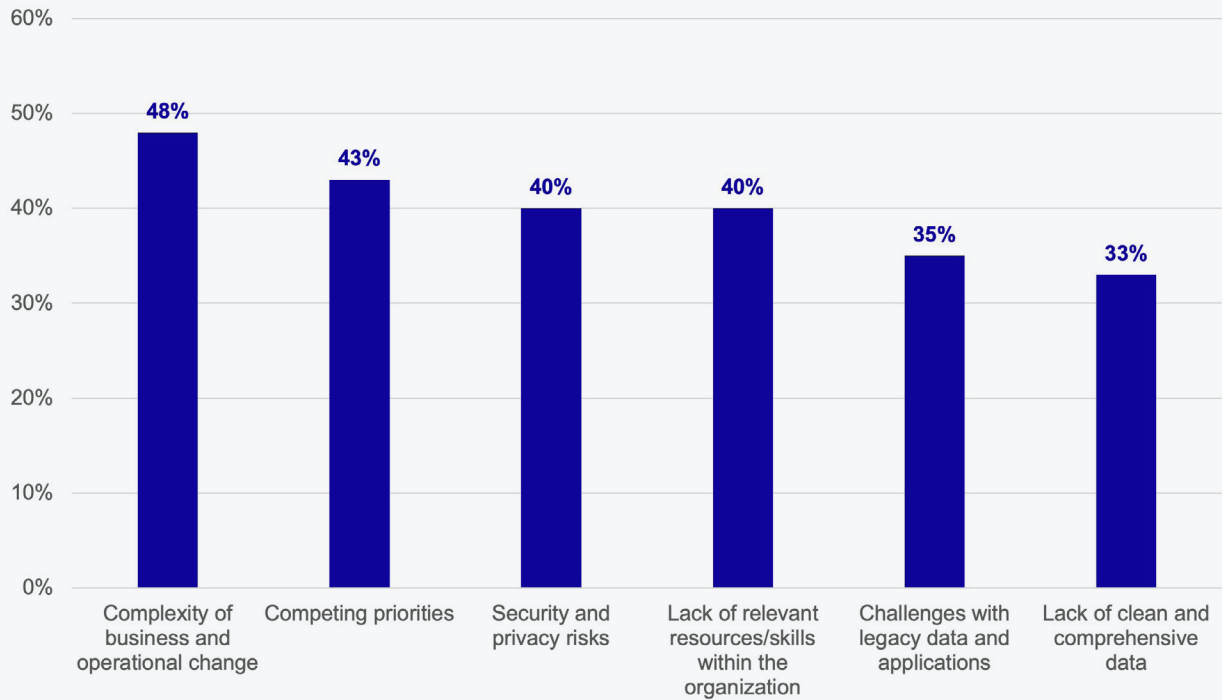
Some organizations are also under the impression that they cannot or should not undergo any major technological changes while they are making the move to SAP S/4HANA – this has often been cited as a reason businesses hold off on major technological upgrades.

Companies should understand that adopting automation ahead of the move to SAP S/4HANA is not just possible, it may even be preferable. Companies can implement improved workflows and migrate those instead of holding onto outdated processes, migrating them to SAP S/4HANA, and then replacing them afterwards.

A high share of companies (41%) also said that security and privacy risks were a barrier to them implementing AI and automation. Many organizations have concerns that AI could inadvertently expose data if models are trained on a company’s private information.

FIGURE 6

What barriers have you encountered while implementing AI and automation in your finance processes?



The next set of commonly cited impediments to implementing automation and AI within financial processes encapsulate how many businesses are unable to install these capabilities, even if they may want to do so.

A lack of relevant skills within the company was a factor holding back 39% of respondent organizations. Though companies may feel their workforce does not have familiarity with automation, many SAP partner companies offer automation and AI embedded within SaaS solutions that provide these benefits without requiring specific knowledge and skills to leverage them.

More than one-third (34%) of businesses said that challenges with legacy data and applications is an issue. Further, 32% of

companies said that they had a lack of clean and comprehensive data. Organizations largely understand that they need cleansed and harmonized data to dispense automation effectively. If organizations automate finance processes with inaccurate data, they will still be making the same mistakes, only faster. Companies must clean out legacy technical debt improve their data quality to make the most of the promise automation holds.

Though automation is not widely used yet, companies are taking notice of the capabilities they hold. Organizations that have been slow to adopt these technologies are growing to understand that if they do not begin their automation journey that they risk falling behind their competitors.

Key Takeaways

- **Cleansed and Harmonized Data is Critical:** While it is important for companies to complete the financial close and record-to-report processes to meet regulatory requirements, these processes also provide a window into the overall financial health and performance of the organization. This look is accurate only if companies have a single, harmonized source of financial data. Data quality also impacts how successful automation initiatives can be.
- **AI and Automation Are Key to Improving Efficiency:** Companies are increasingly turning to AI and automation to reduce manual tasks, improve data integrity, and streamline operations. While adoption is growing, results have been mixed, with many organizations still in the early stages of implementation.
- **SAP S/4HANA Adoption Drives Automation Initiatives:** As more organizations adopt SAP S/4HANA, they are finding opportunities to consolidate financial activities and leverage AI and automation. This trend is accelerating, with SAP S/4HANA emerging as a major driver for modernization. Companies should see this move as an opportunity to overhaul and upgrade outdated manual processes within their financial close and record-to-report processes.
- **Overcome internal and external impediments to change:** Companies cannot rely on the same methods forever, if even much longer. The sooner organizations implement changes, the sooner they can start reaping the benefits. Yet a lack of buy-in, data issues, skills gaps, and many other issues can stand in the way. CFOs and other finance leaders must gather data and make a strong business case that AI and automation are essential for long-term success. Finance close and record-to-report processes represent an ideal area in which companies can implement automation and see immediate dividends in terms of time saved, demonstrating the overall value of these advanced capabilities.



Pull quote: “Within PwC, like many organizations, there can be internal resistance to implementing automation and AI in record-to-report and financial close processes. Here are some common objections: Job displacement fears, data quality concerns, control and governance concerns, change management challenges, and cost. By addressing these concerns proactively and effectively, PwC can successfully overcome internal resistance and leverage the power of automation and AI to transform its record-to-report and financial close processes, leading to increased efficiency, reduced risk, and improved decision-making”

HENRY PAN, SENIOR LEAD
CLOUD ARCHITECT, PWC

AUTOMATING THE RECORD-TO-REPORT AND FINANCIAL CLOSE PROCESS



DRIVERS

- Pressure to reduce manual and repetitive financial accounting tasks (55%).
- The move to SAP S/4HANA presents an opportunity to consolidate financial activities (32%).
- Need for increased capacity for FP&A professionals to focus on more high-value, strategic tasks (26%).
- Multiple financial systems and ERP instances require integration and harmonization (24%).



ACTIONS

- Automating financial closing processes (58%).
- Improving the efficiency of the financial close (57%).
- Creating or managing a single source of financial truth (39%).
- Integrating and harmonizing financial data from multiple ERP instances (27%).
- Standardizing governance of record-to-report process (25%).
- Enhancing group reporting capacity (24%).



REQUIREMENTS

- Automated and standardized closing processes and alerts (93%).
- Harmonized and integrated master data (86%).
- Group accounting and management reporting (86%).
- Electronic audit trail (85%).
- Self-service reporting and analytics (84%).
- Harmonized financial reporting (82%).
- Automated adjustments and balance sheet reconciliation (74%).



TECHNOLOGIES

- Single point of truth for financial data (36%).
- Centralized component to control all financial data and processes (34%).
- Group reporting solution (28%).
- Intercompany balance sheet reconciliation and automation solution (27%).
- Master data integration solution (26%).
- Financial close automation tools (23%).
- Disclosure management tool (22%).
- RPA for data extraction and posting to subledgers (20%).

APPENDIX

THE DART™ METHODOLOGY

SAPinsider has rewritten the rules of research to provide actionable deliverables from its fact-based approach. The DART methodology serves as the very foundation on which SAPinsider educates end users to act, creates market awareness, drives demand, empowers sales forces, and validates return on investments. It is no wonder that organizations worldwide turn to SAPinsider for research with results.

The DART methodology provides practical insights, including:

DRIVERS

These are macro-level events that are affecting an organization. They can be both external and internal, and they require the implementation of strategic plans, people, processes, and systems.

ACTIONS

These are strategies that companies can implement to address the effects of drivers on the business. These are the integration of people, processes, and technology. These should be business-based actions first, but they should fully leverage technology-enabled solutions to be relevant for our focus.

REQUIREMENTS

These are business and process-level requirements that support the strategies. These tend to be end-to-end for a business process.

TECHNOLOGY

These are technology and systems-related requirements that enable the business requirements and support the company's overall strategies. The requirements must consider the current technology architecture and provide for the adoption of new and innovative technology-enabled capabilities.

Report Sponsors

RESEARCH PARTNER



SAP is the leading enterprise application and business AI company. We stand at the intersection of business and technology, where our innovations are designed to directly address real business challenges and produce real-world impacts. Our solutions are the backbone for the world's most complex and demanding processes. SAP's integrated portfolio unites the elements of modern organizations — from workforce and financials to customers and supply chains — into a unified ecosystem that drives progress.

Learn more at www.sap.com

Report Sponsors



DocuSign brings agreements to life. More than 1.5 million customers and over a billion people across 180 countries use DocuSign solutions to accelerate business processes and simplify their lives. With its DocuSign IAM platform, the company unlocks business-critical data trapped inside documents—data that was previously disconnected from business systems of record, costing organizations time, money, and opportunities. By leveraging DocuSign IAM, companies can create, commit, and manage agreements through solutions developed by the industry-leading eSignature and Contract Lifecycle Management provider.

Learn more at www.docusign.com



BlackLine is committed to driving successful digital transformation and enabling future-ready financial operations for the Office of the CFO. Our mission is to empower finance and accounting teams with accurate, efficient, and intelligent processes. Trusted by over 1,400 joint SAP and BlackLine customers across diverse industries, BlackLine, an SAP Solution Extension partner, offers an SAP premium-qualified, comprehensive platform for critical processes, including record-to-report and intercompany governance. Our proven, collaborative partnership ensures continuous transformation, delivering immediate impact and sustained value. With industry-leading R&D investments and world-class security practices, BlackLine and SAP empower organizations to shape the future of finance operations.

Learn more at www.blackline.com



SAPinsider comprises the largest and fastest-growing SAP membership group worldwide. It provides SAP professionals with invaluable information, strategic guidance, and road-tested advice through events, magazine articles, blogs, podcasts, interactive Q&As, white papers, and webinars. SAPinsider is committed to delivering the latest and most useful content to help SAP users maximize their investment and leading the global discussion on optimizing technology.

For more information, visit SAPinsider.org.

© Copyright 2024 SAPinsider. All rights reserved.