GUIDE TO
Accounting Automation

The Digital Wave

You wouldn't use an abacus to calculate depreciation, so why are Accountants still using Excel to manage cash and create forecasts? Digital transformation is sweeping over the Accounting field like a wave, updating technology and providing Accountants with better, more efficient ways to work. While tedious manual workflows have been the norm in the world of cash management, they are starting to become unnecessary. AI and open banking APIs have paved the way for new cash management platforms that provide automation and real-time cash data at an affordable rate.

The Old Accounting Landscape

Excel

Excel is still the greatest, most ubiquitous ad hoc analysis tool on the planet. However, when applied to cash management, Excel's tedious manual workflows feel outdated. This is why, in the age of digital transformation, programs like Excel are being phased out in favor of automation technology. There are three major areas of concern when using Excel for cash reporting and forecasting: the visibility gap, user error, and inefficiency.

The Visibility Gap

Spreadsheets create a visibility gap, which is essentially a blind spot in an Accountant's cash management. Making decisions with outdated or misinformation leaves businesses open to overdraft fees, bounced checks and could ultimately lead a business to failure.

Spreadsheets Lead to User Error

In addition, the highly manual aspect of spreadsheets leave them vulnerable to user error. This is especially true when creating a forecast in Excel. By the time an error is caught it is usually buried under layers of data across multiple spreadsheets, making the mistake difficult to find and correct.

In small and medium businesses (SMBs) and startups, even minor errors in spreadsheets can be catastrophic. According to The Telegraph, at the London Olympics a staff member erroneously typed "20,000" into a cell that should have stated "10,000". As a result the London Olympic Committee oversold 10,000 tickets to four minor heats of synchronized swimming. By the time the committee realized their mistake, they were forced to upgrade the surplus ticket holders to major swimming events.

Excel is Inefficient

Lastly, spreadsheets are an extremely inefficient method of cash management. Gathering, normalizing and organizing the data needed to run a bank reconciliation or create a forecast is extremely time consuming. A case study done by PWC found, "A Fortune 100 multinational implemented RPA to automate the daily cash positioning of their in-house bank and eliminate repetitive human input. This allowed the team to free up 1.5 hours a day for one person to focus on strategic projects and analyse investment decisions."

What is powering the digital wave?

By now you've probably heard the words AI and automation tossed around in the office, on LinkedIn, as well as a few times in this guide and you probably have a few questions.

What is fueling this wave of digital transformation, and how does it work?
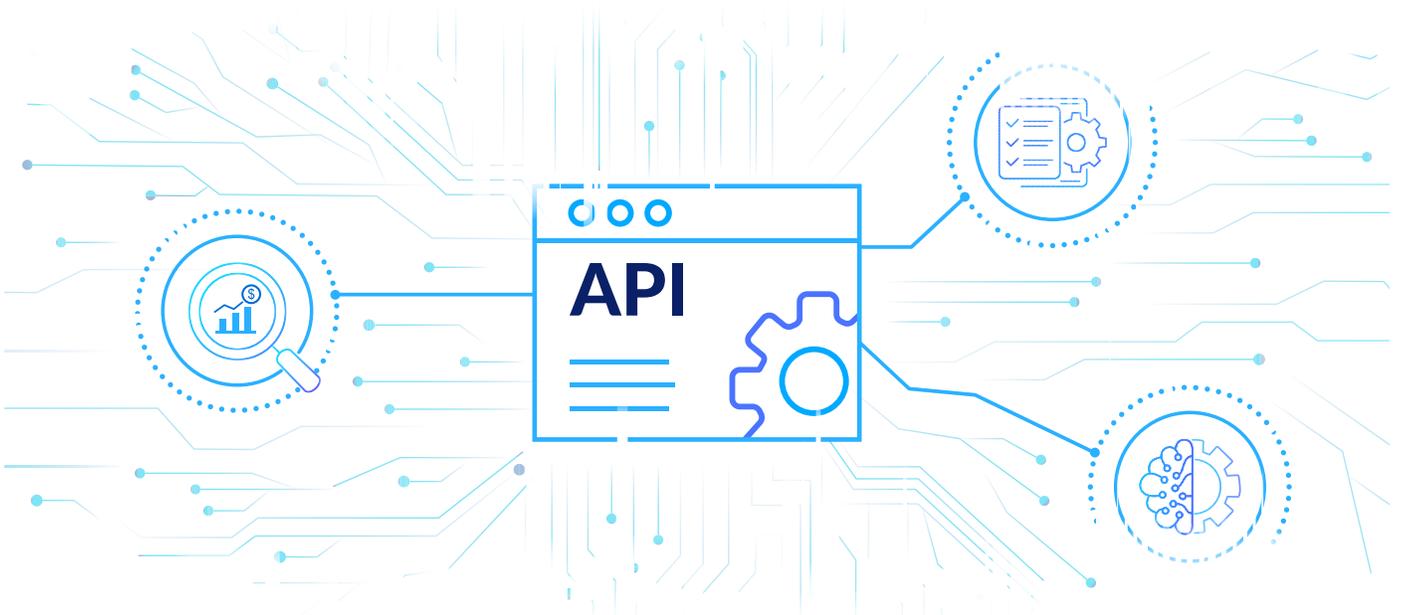
Open Banking and APIs

APIs act as a digital communication bridge between banks and third-party applications, allowing banks to share data in real-time. Meaning, you can access a real-time view of your cash position across all of your banks. No more endless bank logins, no more sifting through end of month bank statements. With the adoption of APIs in banking, Accounting professionals now have access to high quality cash data, on demand. When API data is combined with AI programming, the resulting program can automate Accounting tasks that used to require substantial human intervention.

◈ AI & Machine Learning

Artificial Intelligence (AI) is essentially really smart computer programs that can learn for themselves and execute tasks without the need for specific commands. Artificial intelligence can help streamline cash management processes to minimize human intervention.

The application of machine learning algorithms in cash management is changing the way Accountants view and create What is fueling this wave of digital transformation, and how does it work? reports. These algorithms are taught to quickly sift through data, spot financial trends, and do so without human bias. Applications can now integrate ML algorithms to analyze historical data trends and apply them in cash forecasts. This not only reduces the need for human intervention, but it makes the forecasting process more accurate.

☁ Cloud Computing

Building and maintaining a proper storage for vast amounts of financial data is something that most organizations do not have the time, or resources to tackle. As a result, many businesses that want to take full advantage of banking APIs, require a solution that aggregates, standardizes, and stores their data. This is where cloud computing storage meets AI, and API integration.

In addition, cloud based applications make it easier on teams working remotely. Each member of the team can easily access apps like Trovata from their computers at home, or from their phones on the go.

What does cash management automation mean for Accounting professionals?

When it comes to automation, Accountants are seeing huge benefits from automated forecasting and consolidated cash data. These tools allow Accountants to save time in Excel, avoid the revolving door of bank logins and focus their attention on the projects that matter most.
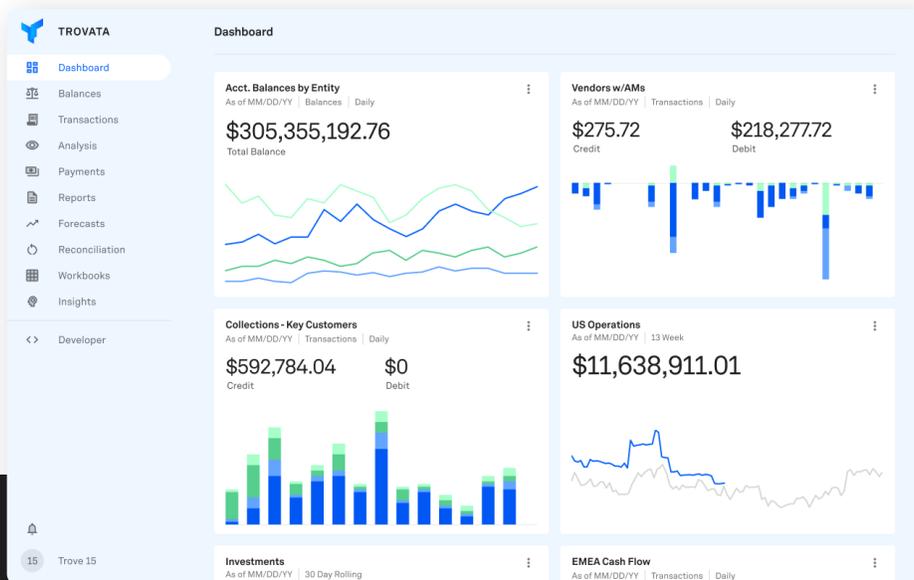
1. Automated Cash Forecasting and Reporting

In smaller businesses that are still developing a Treasury department, forecasting often falls into the lap of controllers and the Accounting department. Automation is allowing Accountants take the forecast off of their plate, and pass the tedious work to Trovata's machine learning and AI algorithms. This means Accounting professionals have more time to focus on months-end close and reconciliations, and management has more time to analyze forecast results.

2. Consolidated Cash Data

Most Accountants know the routine well, logging in to a seemingly endless pile of banking portals, spreadsheets and ERP systems to collect cash data. Open banking APIs have created digital bridges between banks and businesses, creating a shortcut for cash data collection. Trovata uses APIs to gather cash data across all banks and accounts, then leverages machine learning technology to standardize the data as it is collected. Accounting professionals are left with an easy to navigate dashboard that shows their cash position updated in real-time.

In addition, Trovata provides a Google-like natural language search tool that allows users to search for transactions by name, or tag. Accountants can then dig deeper, and easily analyze specific types of expenses or transactions.

Upgrade to Automation with Trovata

Automation offers numerous benefits to the Accounting department, and Trovata provides access to this technology with a low-lift and low-cost solution. Trovata's automated forecasting and reporting tools are cheaper than traditional legacy systems, and can be set up in just a few weeks (without the need for IT support). Unlike legacy systems, Trovata is scalable and can grow to meet the needs of your business.

Learn how Trovata is helping accounting professionals, like you, save time with automation. Book a demo today!

Get Demo