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POSSIBLE (RE)DEFINED

# Leverage Outsourcing and Automation to Optimize Effectiveness and Efficiency

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Certified
B
Corporation

WELCOME

# Today's Presenters

**Carmel Wynkoop**
Partner, Business Application and
Analytics

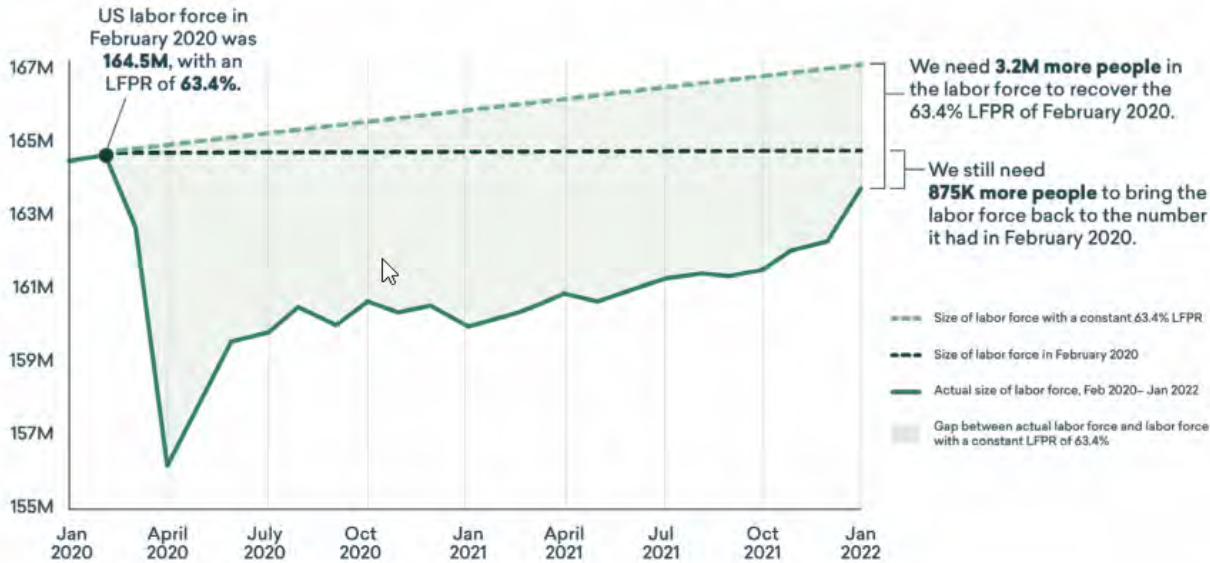**Eric Thomas**
Partner, Outsourcing

EXPLORING NEW AREAS

# Agenda

- Current State

- What is Automation and what kinds?

- 13-week Cash Flow and Outsourcing

# Demographic Drought – What's Happening?



We Need **3.2 Million More** Workers to Get Back on Track

US labor force in February 2020 was **164.5M**, with an LFPR of **63.4%**.

We need **3.2M more people** in the labor force to recover the 63.4% LFPR of February 2020.

We still need **875K more people** to bring the labor force back to the number it had in February 2020.

- - - Size of labor force with a constant 63.4% LFPR
- - - Size of labor force in February 2020
— Actual size of labor force, Feb 2020– Jan 2022
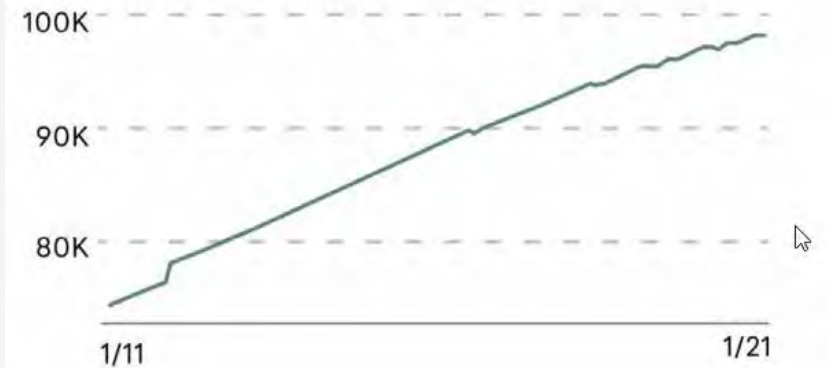Gap between actual labor force and labor force with a constant LFPR of 63.4%

Source: Bureau of Labor Statistics, Current Population Survey, Seasonally Adjusted: February 2022
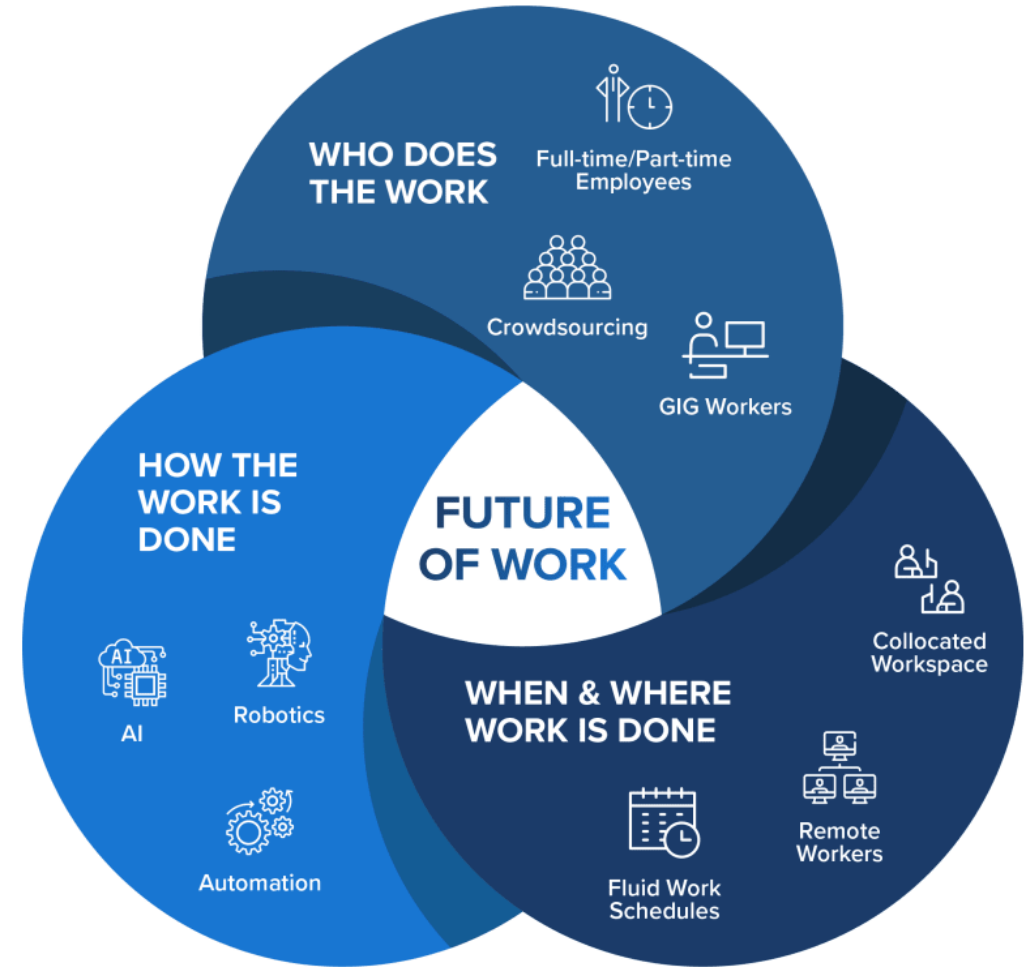


16-24 entering workforce
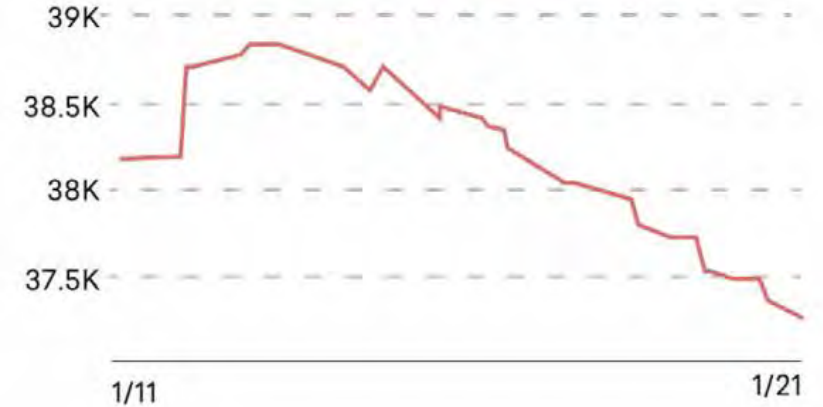


55+ Imminent retirees

## WHAT'S HAPPENING
# The Changing Labor Market

"By 2025 'labor volatility' will cause **40% of organizations** to report a material business loss."

"**91%** of employees are frustrated with work tech, and **57%** feel legacy tech is holding them back"

Freshwork State Of WorkPlace Technology Report



84% of managers believe that AI can help improve the use of their expertise, knowledge, interpersonal skills, and judgment

Source: Forbes, 2020

FinancesOnline



WHO DOES THE WORK
Full-time/Part-time Employees
Crowdsourcing
GIG Workers

HOW THE WORK IS DONE
AI
Robotics
Automation

FUTURE OF WORK

WHEN & WHERE WORK IS DONE
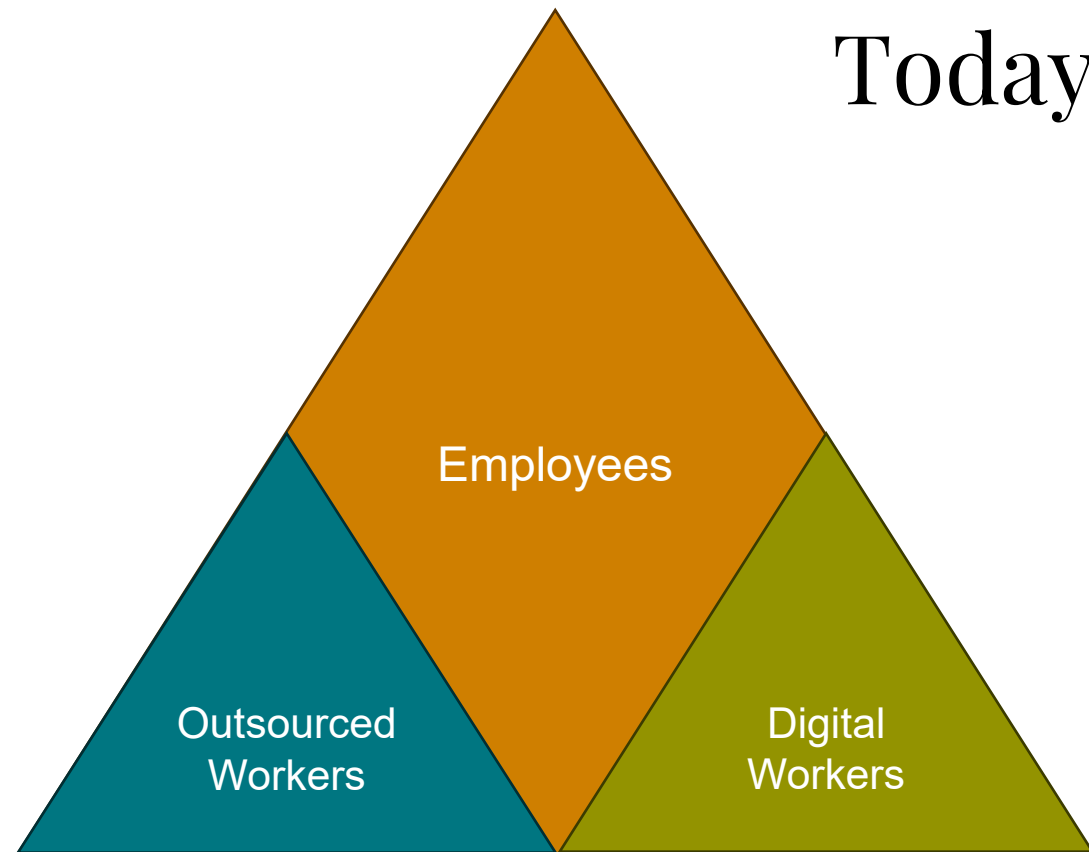Collocated Workspace
Fluid Work Schedules
Remote Workers

*Today, millions of knowledge workers have greater freedom to decide when and where they work. (Image Source: shrm.org)*

# Integrated Workforce

Yesterday

Today

Employees

Employees

Outsourced Workers

Digital Workers
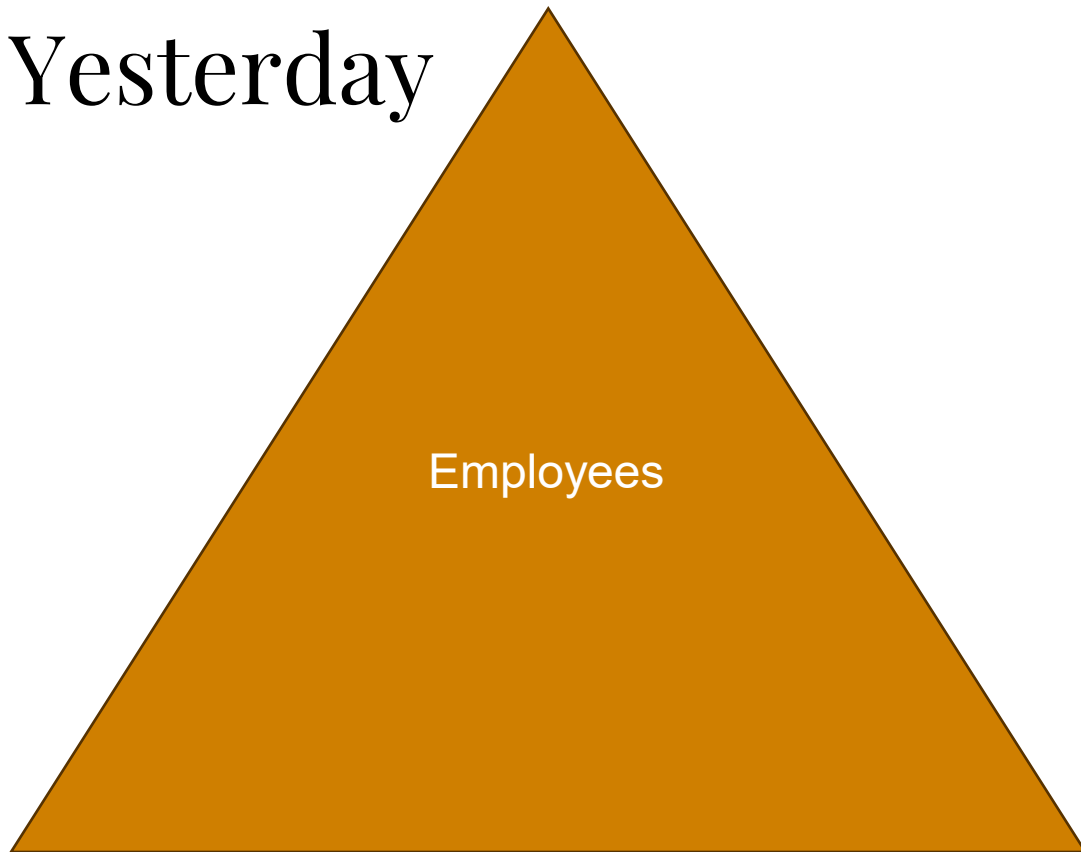
# What *Should* You Automate?

The pareto principle

effort — 80% / 20% = 20% / 80% — results
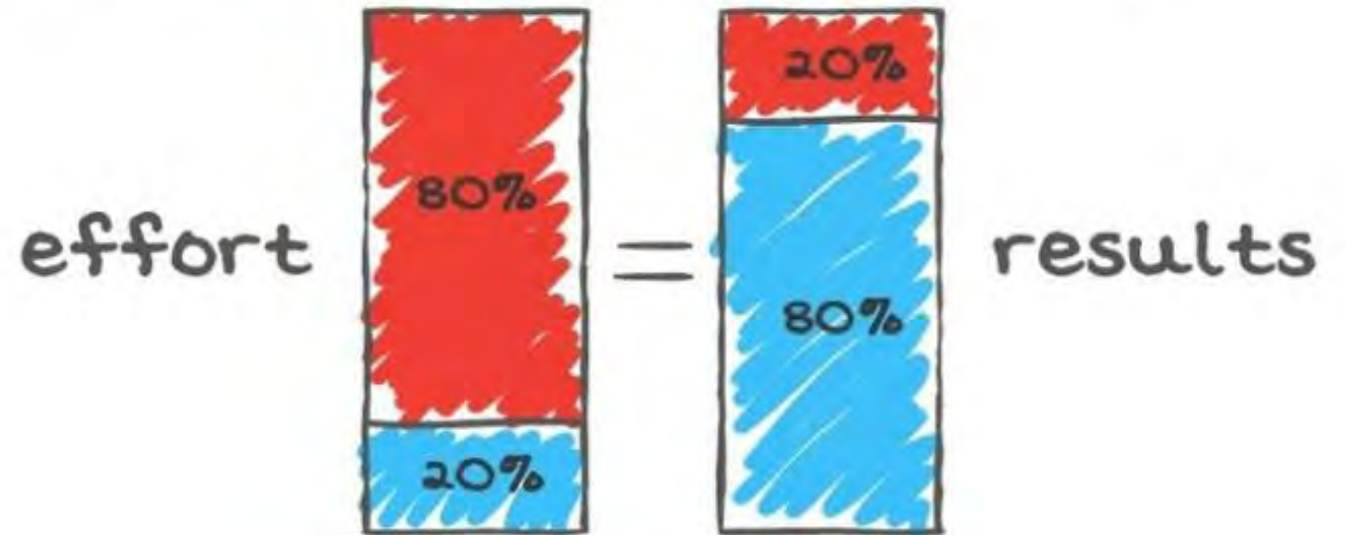
# What is AI?

Artificial intelligence refers to the ability of a machine to simulate human intelligence and thought processes.

AI systems are programmed to demonstrate cognitive functions such as learning, problem-solving and reasoning

# Some Applications of AI

## Computer Vision

AI powers systems that can automatically detect and classify objects in images and videos.

## Natural Language Processing

AI enables systems to understand, interpret, and generate human languages.

## Robotics

AI provides robots with sensing, reasoning, learning, and self-correction capabilities.

## Predictive Analytics & Machine Learning

Allows learning from data and statistical algorithms to analyze historical data and make informed predictions about future events or trends

## Rule-Based Intelligence

AI that follows a predetermined set of rules best used when the rules are straight forward and easy to define

## Robotic Process Automation
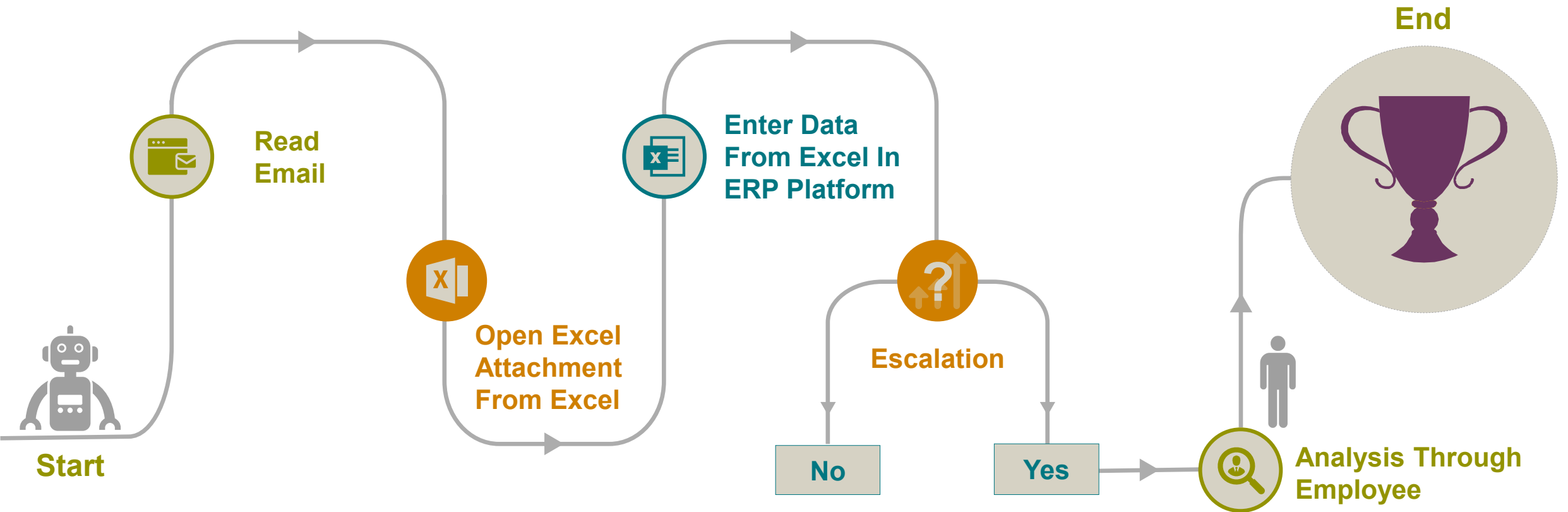
- AI "bots" that can be programmed to complete manual and repetitive work
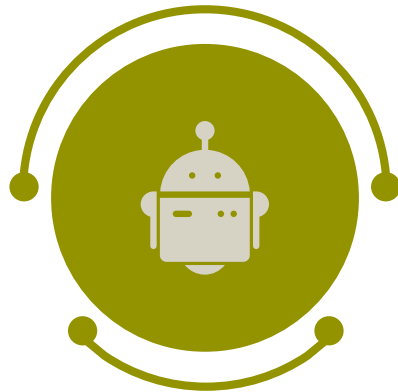
RPA - Automation
The Digital Worker

# How Does RPA Work?

**End**

**Read Email**

**Enter Data From Excel In ERP Platform**

**Open Excel Attachment From Excel**

**Escalation**

**No**

**Yes**

**Analysis Through Employee**

**Start**

# Why Automation?

**Reduce Manual Data Entry & Errors**
Improve accuracy and quality with less human data entry errors or typos

**Increase Productivity**
Process cycle times are much faster compared to manual process approaches

**Integrate & Sustain Legacy Systems**
Integrate legacy systems with each other when traditional means, such as open APIs, are unavailable

**Increase Availability**
Digital workers operate on a regular, established schedule up to 24/7

**Improve Employee Morale**
Reduce tedious, painstaking tasks. Allow employees to focus more on rewarding work and the strategic growth of the organization

**Scale & Manage Expenses**
Scale without needing to add headcount. Reduce operating expenses through headcount reduction.

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**Building the roots to your digital transformation enables all transformative outcomes.**

The journey to sustained competitive advantage begins with strong roots.

Machine learning

Artificial intelligence

Robotic process automation (RPA)

Predictive / prescriptive modeling

Custom applications

Reporting & visualization

Change management

Data-driven competitive advantage ▲

Data roots ▼

Organizational buy-in

Data strategy

Cloud accessibility

Data governance

Transformation roadmap

Scalable infrastructure

Data warehouse

# How to get started with Predictive Analytics?
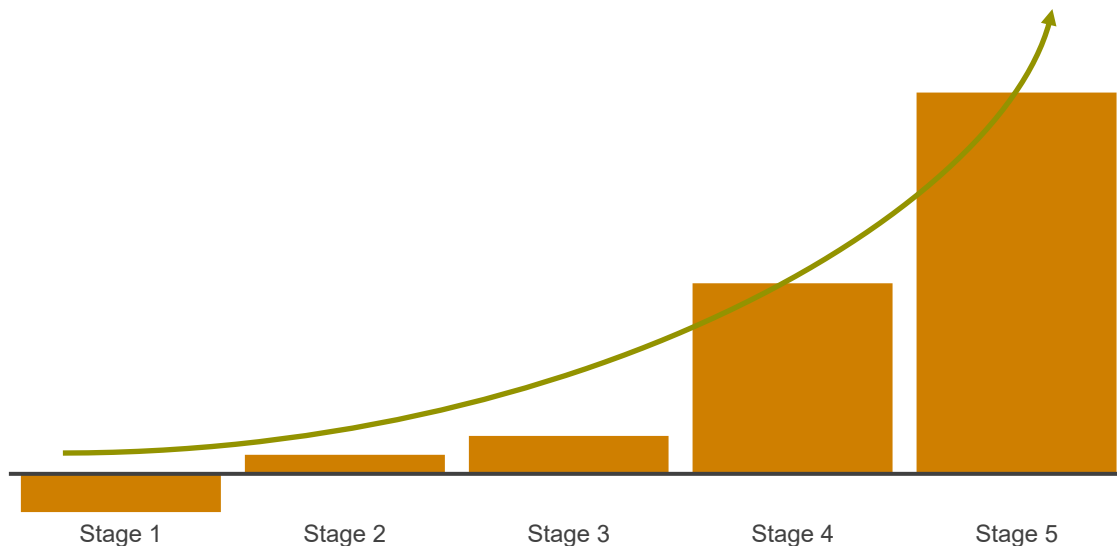


| Stage 1 *Instinctive* | Data is a hassle; we don't want to deal with it. *We wouldn't even know where to start.* |
| Stage 2 *Reactive* | We have a data warehouse, but our data is still messy, unstructured, slow and historic. *We don't get many insights.* |
| Stage 3 *Informative* | Our warehouse is scalable, but we don't have data strategy, governance or visualization in place. *We perform manual predictive analysis.* |
| Stage 4 *Predictive* | We use accurate, readily available data to inform decision making in many areas. *We have identified the data we can use to gain insight and drive action.* |
| Stage 5 *Transformative* | Real time, granular data and predictive modeling supports every business decision we make. *We now have a huge advantage over our competition.* |

Outsourcing

# Process Life Cycle

| Stage 1 – Outcome focused | Stage 2 – Definition & Improvement | Stage 3 – Documentation | Stage 4 – Delegation | Stage 5 – Outsourcing | Stage 5 – Automation |

Effectiveness

Efficiency
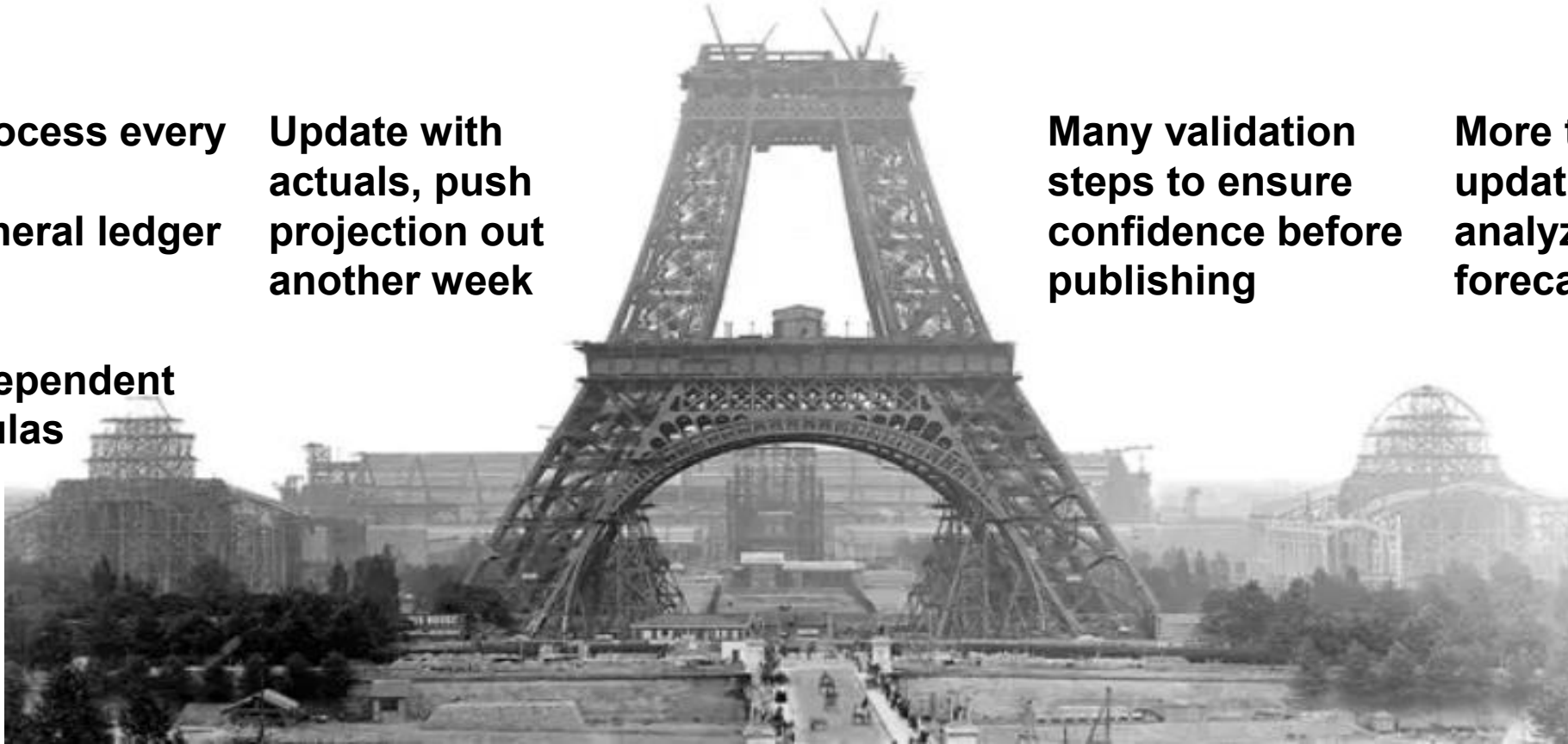
# AI-Enabled 13-Week Cash Flow

# Manual 13-Week Cash Flow Forecast

**Same process every week**
**Uses general ledger activity**
**In Excel**
**Highly dependent on formulas**

**Update with actuals, push projection out another week**

**Many validation steps to ensure confidence before publishing**

**More time spent updating than analyzing and forecasting**

# 13-Week Cash Flow Forecast

- Start every week with **clarity** around **today's cash position** and a detailed weekly outlook for the upcoming quarter

- **Empower your finance team** to make informed decisions and address potential cash flow challenges well in advance

| | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Actual | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast | Forecast |
| | | 8/19/2023 8/25/2023 | 8/26/2023 9/1/2023 | 9/2/2023 9/8/2023 | 9/9/2023 9/15/2023 | 9/16/2023 9/22/2023 | 9/23/2023 9/29/2023 | 9/30/2023 10/6/2023 | 10/7/2023 10/13/2023 | 10/14/2023 10/20/2023 | 10/21/2023 10/27/2023 | 10/28/2023 11/3/2023 | 11/4/2023 11/10/2023 | 11/11/2023 11/17/2023 | 11/18/2023 11/24/2023 |
| **Beginning Bank Cash** | **B.BKCASH** | 14,006 | 17,068 | 11,976 | 13,388 | 14,903 | 17,045 | 18,236 | 11,800 | 13,872 | 15,320 | 17,050 | 12,103 | 14,456 | 15,818 |
| | | | | | | | | | | | | | | | |
| Trade Receipts | TRRCPT.X | 7,881 | 6,722 | 7,052 | 7,138 | 7,773 | 6,618 | 7,123 | 6,275 | 7,368 | 7,598 | 7,448 | 7,378 | 7,383 | 5,947 |
| Interco Trade Receipts | TRRCPT.I | 294 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other income | OTHRCPT | 3 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Operating Receipts** | **SBT.OPERRCPT** | 8,177 | 6,722 | 7,052 | 7,138 | 7,773 | 6,618 | 7,123 | 6,275 | 7,368 | 7,598 | 7,448 | 7,378 | 7,383 | 5,947 |
| | | | | | | | | | | | | | | | |
| Trade Payments | TRPMT.X | (3,976) | (4,573) | (4,299) | (4,278) | (4,248) | (4,248) | (4,183) | (3,542) | (4,183) | (4,183) | (4,278) | (4,343) | (4,343) | (3,658) |
| Interco Trade Payments | TRPMT.I | (1) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Salaries & Wages | FXDSLRY | (826) | (324) | (731) | (418) | (836) | (331) | (1,060) | (331) | (865) | (331) | (1,060) | (331) | (865) | (331) |
| 401k/Social Charges/PF | RETIRE | (68) | (34) | (77) | (44) | (87) | (35) | (113) | (35) | (90) | (35) | (113) | (35) | (90) | (35) |
| Other EE Benefits | OTHBNFT | (230) | (199) | (394) | (203) | (411) | (203) | (374) | (203) | (431) | (203) | (619) | (203) | (431) | (203) |
| Tax | TAX | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Credit Card Payments | CCPMT | - | - | (25) | (301) | - | - | - | (38) | (301) | - | - | (57) | (243) | - |
| Bank & Processing Fees | BNKFEE | (11) | - | (8) | - | - | - | (8) | - | - | - | - | (8) | - | - |
| Other Payments | OTHPMT | (3) | (50) | (107) | (229) | (50) | (50) | (50) | (55) | (50) | (125) | (50) | (50) | (50) | (40) |
| **Operating Disbursements** | **SBT.OPERPMT** | (5,115) | (5,180) | (5,641) | (5,473) | (5,631) | (4,866) | (5,787) | (4,203) | (5,919) | (4,876) | (6,120) | (5,025) | (6,021) | (4,266) |
| | | | | | | | | | | | | | | | |
| **Operating Cash Flow** | **SBT.OPERCF** | 3,062 | 1,542 | 1,411 | 1,665 | 2,142 | 1,753 | 1,336 | 2,071 | 1,449 | 2,723 | 1,329 | 2,353 | 1,362 | 1,680 |
| | | | | | | | | | | | | | | | |
| Capital Expenditure | CAPEX | - | (358) | - | (150) | - | (562) | - | - | - | (533) | - | - | - | - |
| Financial investment | FININV | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Investing Cash Flow** | **SBT.INV** | - | (358) | - | (150) | - | (562) | - | - | - | (533) | - | - | - | - |
| | | | | | | | | | | | | | | | |
| Mgmt Fees/ Royalty External | MGTFEE.X | - | - | - | - | - | - | - | - | - | (460) | - | - | - | - |
| External Debt Principal | DBTPRN.X | - | (6,275) | - | - | - | - | (7,772) | - | - | - | (6,275) | - | - | - |
| Interco Debt | DBTPRN.I | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Financing Cash Flow** | **SBT.FIN** | - | (6,275) | - | - | - | - | (7,772) | - | - | (460) | (6,275) | - | - | - |
| | | | | | | | | | | | | | | | |
| **Net CF** | **NETCF** | 3,062 | (5,091) | 1,411 | 1,515 | 2,142 | 1,191 | (6,436) | 2,071 | 1,449 | 1,730 | (4,947) | 2,353 | 1,362 | 1,680 |
| | | | | | | | | | | | | | | | |
| Cash Sweep | SWEEP | - | - | 0 | - | - | - | - | (0) | - | (0) | - | - | - | - |
| FX Translation Effect | FXTRANS | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Ending Bank Cash** | **E.BKCASH** | 17,068 | 11,976 | 13,388 | 14,903 | 17,045 | 18,236 | 11,800 | 13,872 | 15,320 | 17,050 | 12,103 | 14,456 | 15,818 | 17,498 |

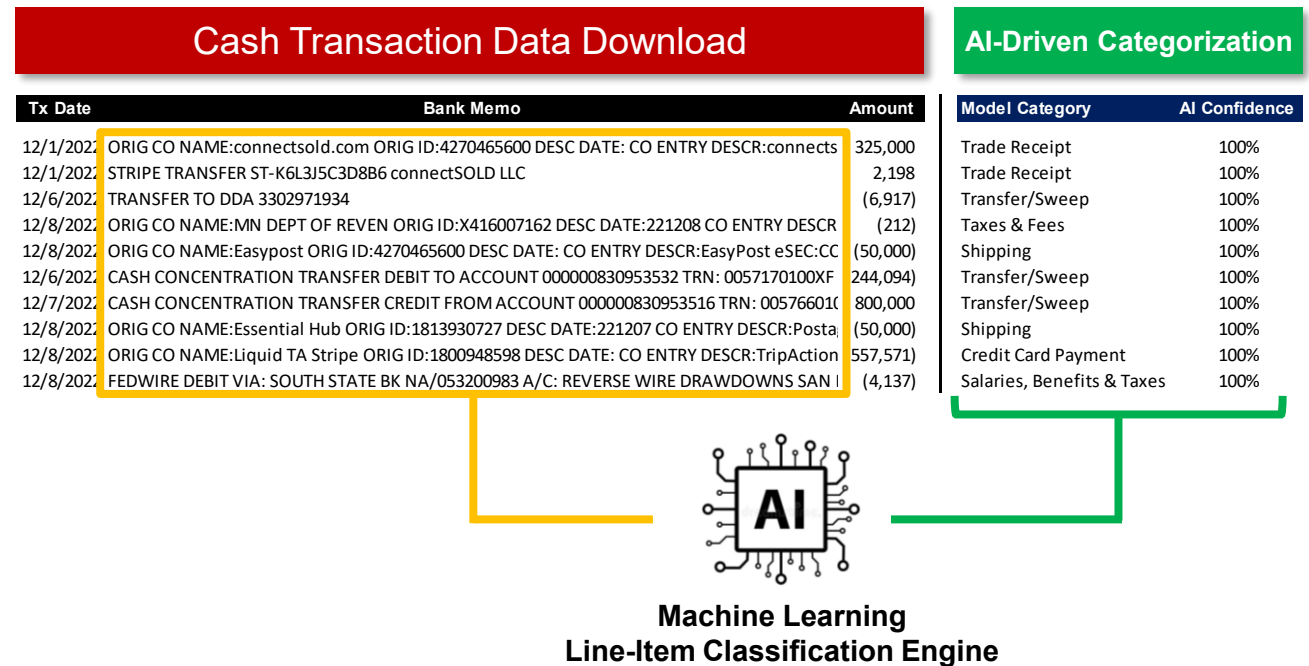# AI-Based Banking Transaction Classification Engine

## Source Cash Actuals from any ERP or Online Bank Portal

**Features**

✓ Feed **accounting** entries booked against cash

✓ Feed banking transaction CSV's **downloaded directly from online bank account**

✓ Machine-learning model categorizes 30k+ transactions in a matter of minutes

✓ Produces **data confidence score** – how sure was the AI in classifying each line item?

**Benefits**

✓ Historical cash flow analysis – incorporating weekly cash transactions over **past 12 months**

✓ Initial set up allows for **real-time** reporting on **today's cash balance** every Monday

✓ The more cryptic the data is, the more valuable AI becomes (**cannot automate bank memo "lookup" in Excel**)

✓ Allows for actionable insight to make key decisions each week

**Cash Transaction Data Download**

| Tx Date | Bank Memo | Amount |
|---|---|---|
| 12/1/202 | ORIG CO NAME:connectsold.com ORIG ID:4270465600 DESC DATE: CO ENTRY DESCR:connects | 325,000 |
| 12/1/202 | STRIPE TRANSFER ST-K6L3J5C3D8B6 connectSOLD LLC | 2,198 |
| 12/6/202 | TRANSFER TO DDA 3302971934 | (6,917) |
| 12/8/202 | ORIG CO NAME:MN DEPT OF REVEN ORIG ID:X416007162 DESC DATE:221208 CO ENTRY DESCR | (212) |
| 12/8/202 | ORIG CO NAME:Easypost ORIG ID:4270465600 DESC DATE: CO ENTRY DESCR:EasyPost eSEC:CC | (50,000) |
| 12/6/202 | CASH CONCENTRATION TRANSFER DEBIT TO ACCOUNT 000000830953532 TRN: 0057170100XF | 244,094 |
| 12/7/202 | CASH CONCENTRATION TRANSFER CREDIT FROM ACCOUNT 000000830953516 TRN: 005766010 | 800,000 |
| 12/8/202 | ORIG CO NAME:Essential Hub ORIG ID:1813930727 DESC DATE:221207 CO ENTRY DESCR:Posta | (50,000) |
| 12/8/202 | ORIG CO NAME:Liquid TA Stripe ORIG ID:1800948598 DESC DATE: CO ENTRY DESCR:TripAction | 557,571 |
| 12/8/202 | FEDWIRE DEBIT VIA: SOUTH STATE BK NA/053200983 A/C: REVERSE WIRE DRAWDOWNS SAN | (4,137) |

**AI-Driven Categorization**

| Model Category | AI Confidence |
|---|---|
| Trade Receipt | 100% |
| Trade Receipt | 100% |
| Transfer/Sweep | 100% |
| Taxes & Fees | 100% |
| Shipping | 100% |
| Transfer/Sweep | 100% |
| Transfer/Sweep | 100% |
| Shipping | 100% |
| Credit Card Payment | 100% |
| Salaries, Benefits & Taxes | 100% |

**AI**

**Machine Learning
Line-Item Classification Engine**

POSSIBLE (RE)DEFINED

# The End

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