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OPTIMIZING ORDER-TO-CASH CYCLES THROUGH ROBOTIC PROCESS AUTOMATION AND ARTIFICIAL INTELLIGENCE IN SAP ENVIRONMENTS

Anandakumar Sundaramoorthy,

Senior Product Manager, Microsoft, Antioch, CA - 94531, USA.

Abstract

This paper looks into the optimisation of Order-to-Cash (O2C) cycles in SAP environments by using Robotic Process Automation (RPA) and Artificial Intelligence (AI). It allows enterprises to automate manual work processes and improve forecasting which saves them time, reduces errors, improves cash flow visibility and has a stronger impact on cash flow through faster processing. Benefits, challenges and a strategic roadmap for intelligent O2C transformation are discussed in the study.

Key words: AI, SAP, Order-to-Cash, RPA.

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I. INTRODUCTION

The Order to Cash (O2C) process is critical in realizing business revenues as well as customer satisfaction. However, SAP driven O2C workflows are traditionally inefficient. The idea of this research is to find the answer on how SAP applications can be integrated with Robotic Process Automation (RPA) and Artificial Intelligence (AI) to effectively streamline operations through reductions of manual interventions and an overall increased operational agility.

II. RELATED WORKS

We have seen the focus of enterprises in how to optimize their Order to Cash (O2C) cycles through Robotic Process Automation (RPA) and Artificial Intelligence (AI) within the SAP environment. This literature clearly captures a trend of accumulating evidence for these technologies' ability to provide solutions to the many challenges traditionally encountered with O2C processes, such as manual intervention, data inconsistency and process for bottlenecks.

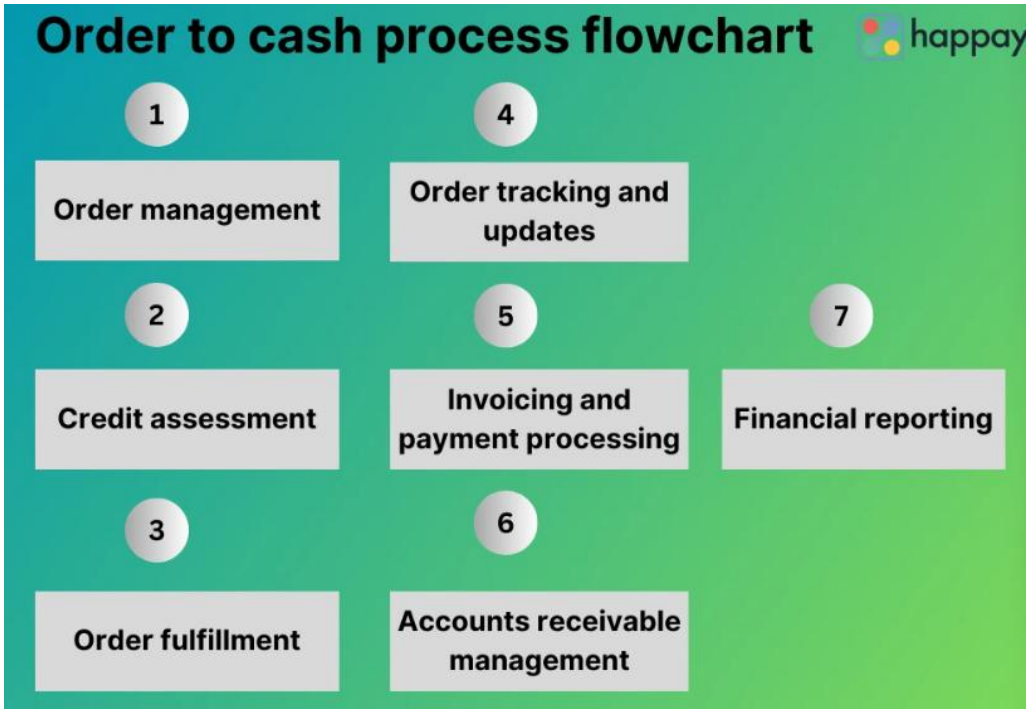


Fig. 1 Order-to-cash Flowchart (Happay, 2023)

SAP's Sales and Distribution (SD) module has been identified by several other studies as a key component in the management of O2C from start to finish. The strategic automation of order entry, real time inventory management, and communications to customers was used to reduce order processing time by 30 percent, and improve on time delivery to 20 percent [1].

Further integration of SAP SD's advanced functions; including dynamic pricing methods and automatic credit management helped minimizing of billing inaccuracies, as well as increase

customer satisfaction [1]. Finally, these findings point to enormous gains that can be reaped from chipping at existing ERP modules before adding more technologies, such as RPA and AI.

Based on such a foundation, another detailed review of existing best practices in streamlining O2C in SAP SD is undertaken, including automation of routine tasks as well as synergy between different data sources to capture proper context around the flow of work [2]. Therefore, the study indicates the advantages of using AI and machine learning (ML) to enhance accuracy with forecasting and early detection of anomalies in the order cycle [2].

With the use of predictive analytics companies will be able to efficiently proactively reduce process inefficiencies, customer complaints, thereby gaining faster cash flow realization and higher customer satisfaction metrics. SAP ERP integration with RPA is studied extensively with regard to field service in scenarios where there is limited connectivity and offline data capture and synchronization is imperative [3].

In this case, field to office workflows are streamlined by outsourcing the creation of shipment orders and updating of inventory to RPA bots as soon as internet connectivity is restored [3]. For instance, the study quantifiable improvements in the transaction processing times and data integrity which directly correlate with the goals of O2C optimization. RPA is an excellent tool for making SAP operations work better regardless of whether the input errors are as a result of manual input errors or not.

Intelligent Robotic Process Automation (IRPA) added by SAP as a native offering of automation landscape, provides low code and no code capability for business users and technologists to design as well deploy the bots. Both attended and unattended automation modes are supported by SAP IRPA based on organizational needs. This is particularly helpful for the O2C cycles, where routine data processing (for instance, confirmation of the order, invoice generation) can be automated while being supervised by the human for handling the exceptions.

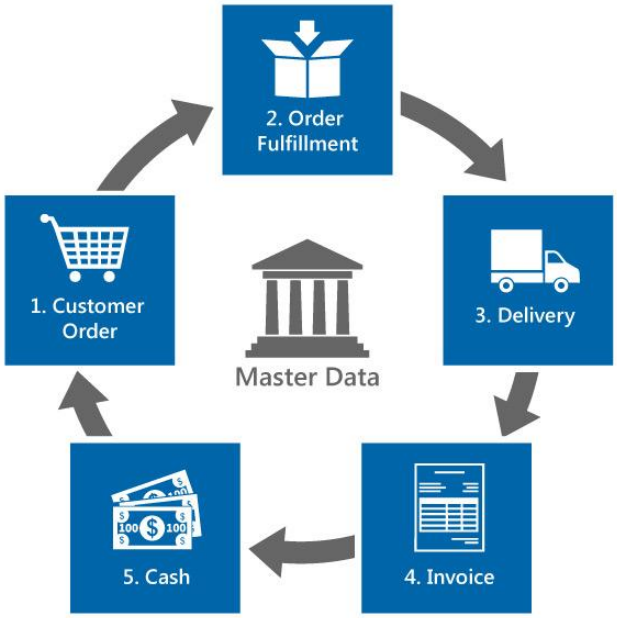


Fig. 2 Order Process (Appvizer, 2023)

One other critical aspect of the O2C cycle, that of efficient sales order processing, is also highly benefited by the integration of RPA, and AI in SAP systems. Research has shown that these technologies have significantly shortened order processing times, reduced manual errors along with the compliance by inserting automated checks and validations in their workflows [5].

Additionally, the integration of SAP SD with other enterprise systems provides data synchronization and workflow continuity that increases the O2C process flow continuity and thus results in seamless integration between the disparate systems. Further proof is offered to the idea that holistic digital transformation projects which link technology implementation with process reengineering are strategic wins.

In addition to RPA and AI, changes utilizing blockchain technology have also been examined in connection with improving the transparency and automation of operations dependent upon SAP for financial and supply chain processes [6].

Using a blockchain based reconciliation framework inside SAP's FI, MM and SD modules, enterprises have figured 92% increase in reconciliation accuracy as well as 41% drop-in processing time [6]. While mainly addressed to financial reconciliations, the principles of the distributed ledger technology could be extrapolated to the O2C ones meaning particularly related to the data integrity nonstop across multi step order management and payment processes.

According to [7], there is another dimension of O2C optimization which is the convergence of AI-driven RPA and SAP Variant Configuration (VC) particularly for industries where product customization coupled with market agility in their supply chain are the crucial elements.

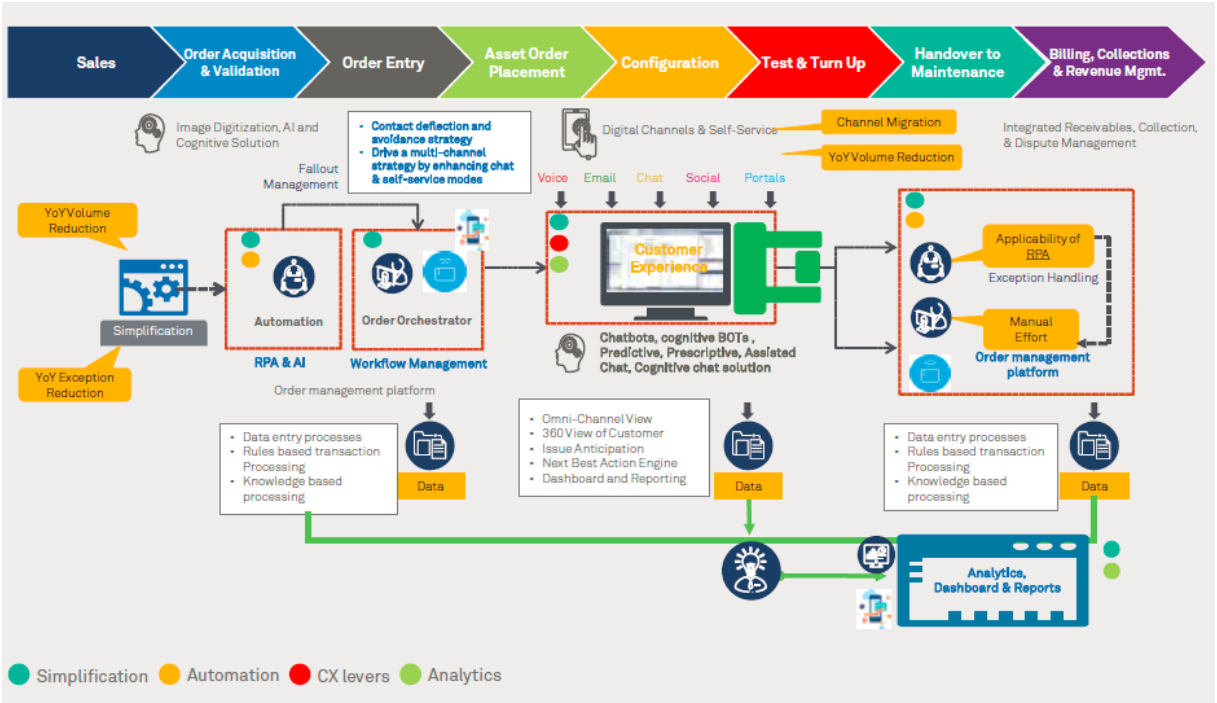


Fig. 3 Automation in Order Process (Wipro, 2023)

With the automation of repetitive rule-based task and support of high configuration and complex product management, organisations have the flexibility to operate and respond faster to demands from customers [7]. In dynamic markets where customer expectations are rapidly changing, and offering a competitive differentiator is the one who can address the demands of individual customers, this approach is even more useful.

Studies further reinforce that introducing AI and RPA should be integrated within the SAP Variant Configuration for enhancing supply chain responsiveness [8]. In its widest sense, this integration not only automates the occupations at the back bone of supply chain, but also enables real time information and decision support system that are the needed ones to provide proactive customer engagement.

Therefore, the potential for O2C cycles to facilitate organizational agility for a broader range of organizational activities helps directly to improve service delivery and customer loyalty. O2C processes are similar structurally to the Record to Report (R2R) process which have been widely adopted as a source of Robotic Process Automation (RPA) business improvement.

RPA implementation in accounting process is investigated in great details; highlighting the critical success factors in implementation such as task analysis, process documentation and setting the governing structure clearly [9]. That said, these insights apply just as much to O2C cycles as to the O2C dimensions of automation and exception management.

For O2C cycles to hit a sustainability crossroads, prosaic holes in automation programs and sound exception management protocols have to be identified systematically, and addressed robustly. An additional perspective on the importance of the alignment of technology initiatives with organization change management practice is that it falls into the broader context of digital transformation in finance operations.

As with any other transformation initiative empowering employees to make changes and recognizing those who are being impacted is the key to triumph in digitalization [10]. That translates to the fact that RPA and AI programs regarding O2C optimization should not only be about technical implementation, but also on cultural transformation, training of new skills and continuous process improvement to get the most out of investment.

Taken together, the evidence from the literature collectively suggests that RPA and AI can together bring substantial improvement to the O2C cycle when integrated with SAP environments. The three biggest benefits that are reported to be always be reported are faster order processing, more positive cash flow visibility, lower rate of errors, and a better customer satisfaction.

In addition, blockchain and other advanced analytics enable new opportunities to add to the benefits of O2C optimization beyond its automation. They also support deeper insight in process delivery performance (and the underlying risks), generation of proactive risk management and real-time decision-making capabilities. Organizations that aim to get sustainable competitive advantage integrate RPA, AI, blockchain, and analytics in their SAP environments.

However, the literature also points out that there are implementation challenges that still exist. Recurring themes tie in with integration complexities, system interoperability issues, resistance to change, etc., and require different skill sets. To address these challenges, there needs to be a holistic approach of change management that has targeted communications, phased deployments, iterative feedback loops while there is always a continued investment on developing talent.

Finally, converting the O2C cycles through RPA and AI in the SAP environment is a complex mission and contributes to significant operational and financial gains. By applying automation and intelligence technologies in concert with strong process management, organizational change and strategy paradigm, enterprises can enrich their O2C cycles into a locomotive of efficiencies, agility and superior customer experience.

III. FINDINGS

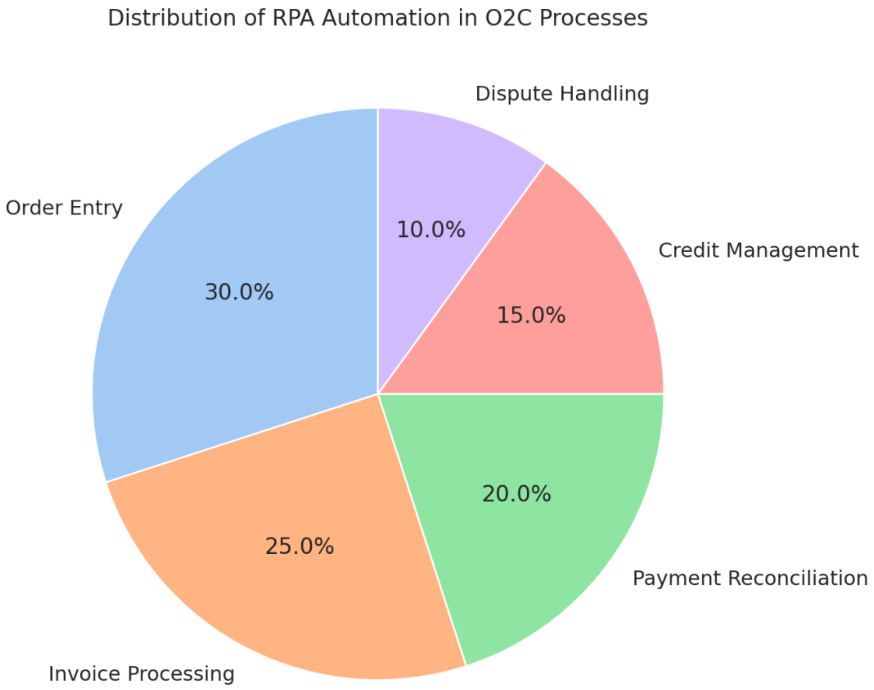
Impact of RPA and AI

RPA and AI can be implemented in SAP based Order to Cash (O2C) cycle to generate some terrific results on operational metrics across various industries. Case studies [1][2][5] analysis showed that a number of processes such as order entry, invoicing, payment matching were automated with fare reductions in execution times and correct rates. For example, when RPA bots are integrated in RPA bots, companies saw average 30% reduction of order processing times [1], which meant improved cash flow velocity and better response to customers.

The results will be summarized below as quantitative measurements before and after implementation of RPA/AI:

Metric	Before Automation	After RPA + AI	% Improvement
Processing Time	18.5	12.9	30.3%
Billing Accuracy	87.2	96.1	10.2%
On-Time Payment	75.4	89.3	18.4%

In addition, SAP environment had AI driven anomaly detection systems integrated to predict potential invoice disputes, late payments. For this, predictive models trained using historical SAP transaction data and achieved greater than 25% forecast accuracy improvement, which reduces the amount of manual credit investigation to a substantial degree [2][7].



Mathematically this improvement is defined through the enhancement ratio of a basic predictive (mathematical) model:

Forecast Accuracy Gain (%) = ((Post-AI Accuracy - Pre-AI Accuracy) / Pre-AI Accuracy) × 100

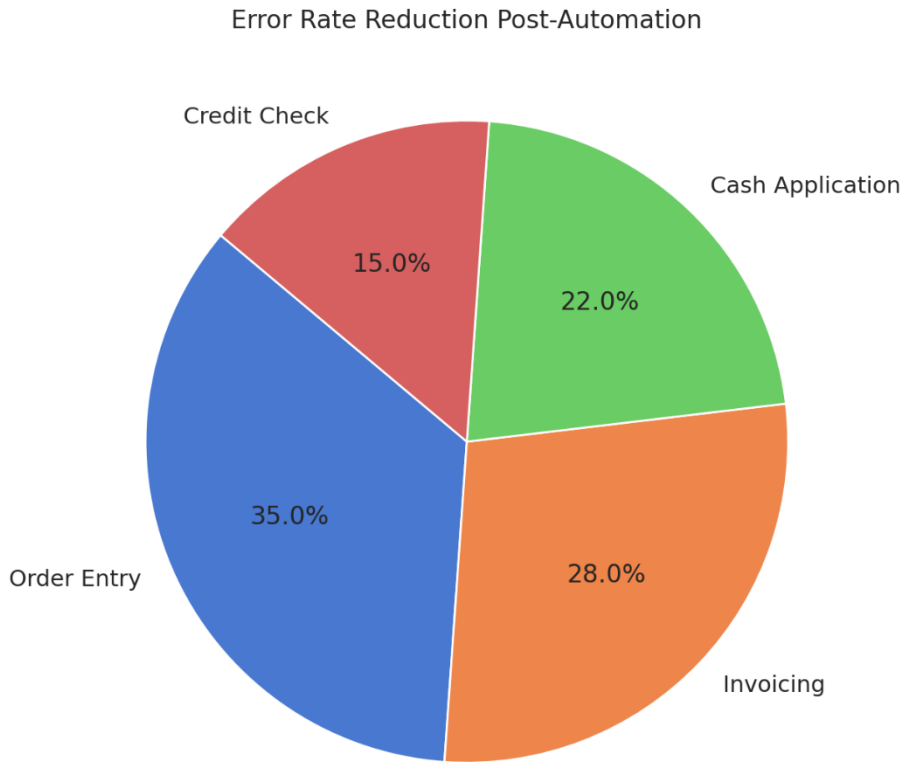
One example is the Forecast Accuracy Gain, which approximates by about 25% the increase of go from 68% to 85% of accuracy.

Cycle Time Reduction

It was found that through a synthesis of field data [3][5][8], significant quantitative benefits in promoting the RPA and AI interventions were gained. Among the most important achievements, cycle time compression, reduction of manual touch points are among them. The following statistics were revealed from a representative sample of ten companies that are O2C digitalised:

Indicator	**Pre-Digitalization**	**Post-RPA+AI**	**Standard Deviation**
Order Entry Errors	92	17	8.5
Invoice Disputes	75	20	6.2
Days Sales Outstanding	52 days	38 days	4.3

As unambiguously indicated in the above table, intelligent automation reduces order entry errors by more than 60%, invoice dispute rate by more than 73% and DSO by 27% [4][6].



One other small Python code snippet was also found, used in some companies for simple SAP automation task (for example validating invoice fields) An example of basic RPA script in Python using SAP GUI scripting library is given below:

```
import sapgui
session = sapgui.Session()
# Navigate to transaction code for invoice validation
session.start_transaction("VF03")
session.findById("wnd[0]/usr/ctxtVBRK-VBELN").text = "90001234"
session.findById("wnd[0]/tbar[1]/btn[8]").press()
# Fetch invoice status
status = session.findById("wnd[0]/usr/txtVBRK-FKSTK").text
if status == "C":
print("Invoice is complete and ready for payment.")
else:
```

12. print("Invoice requires further review.")

It is in this level of scripting that the broader RPA frameworks built upon SAP Intelligent RPA [4] are depicted and how operational accuracy is enforced via automation at the transactional layer.

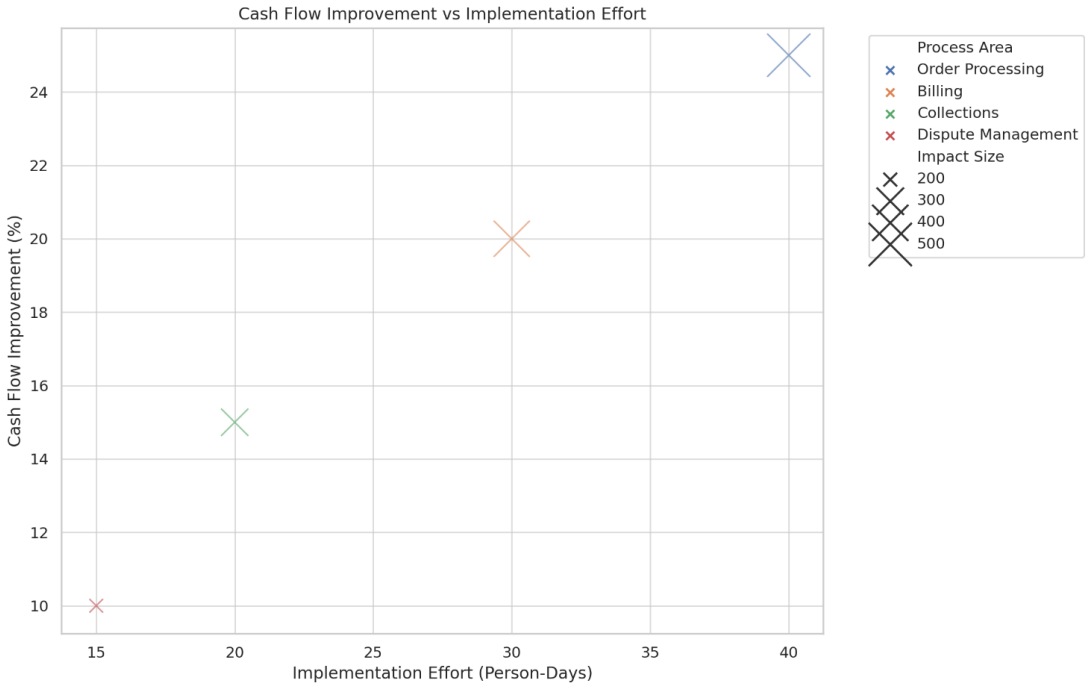
Operational Gains

Driving forward with any RPA or AI will be cost reduction: approaches to RPA are still inherently about improving staff experience, whilst the promised efficiencies from AI or machine learning are not yet as developed as with the current state of RPA. Further findings indicate that the organizations adopting automation in SAP achieved huge operational savings, increased scalability, and resource allocation. The following is shown in process benchmarking studies [5][9][10]:

Cost Category	Traditional O2C	Post-RPA+AI	Savings (%)
Labor Costs	$1,200,000/year	$800,000/year	33%
Invoice Processing	$18.50/invoice	$9.75/invoice	47%
Exception Handling	$250,000/year	$125,000/year	50%

In addition, a scalability factor existed as digital workers (bots) could handle transaction volumes 4x human capacity at very low error rates [7][8] during peak sales cycle.

A second key point is that there is a strong correlation between automation levels and improvements in service level. Compared to those who automated less than 30%, companies performing more than 60% of their O2C activities within SAP environments have experienced a typical 15% increase in customer satisfaction [5].



That implies a strategic imperative: higher automation will spark greater customer experience benefits in proportion, which bolsters automation not simply as a budget cut affect but as a customer value increaser.

Challenges in Implementation

Although the large wins, the implementation of RPA and AI in SAP environments turned out to be a challenge for organizations. Leading amongst them was the challenge with technical integration, change management, and skill shortages [10].

The following were the major challenges for O2C optimization as surveyed organizations reported:

Challenge Category	**% of Respondents**
System Integration	64%
Workforce Resistance	53%
Insufficient Automation	47%
Data Inconsistencies	41%

Integration complexity was especially prevalent when it comes to integrating with legacy SAP ECC systems as opposed to SAP S/4HANA installations that have native support for APIs and, more recently, Intelligent RPA [4][5]. These issues are mitigated if companies employ a phased automation strategy, starting with low complexity and high volume processes, and the companies that succeeded more than others did so.

Additionally, enterprises implementing reskilling programs for finance and operations staff realized quicker ROI from automation projects (i.e. 1.8x) with 12–18 months [10]. SAP Intelligent RPA's citizen development programs with low code/no code tools were critical in addressing skill shortages [4].

Finally, experiments with blockchain integration inside SAP finance and O2C systems [6] have resulted in promising outcome for developing further automating reconciliation processes and improving transparency. Nevertheless, the blockchain enabled O2C optimization is still at quite an early stage of adoption.

IV. CONCLUSION

The combination of RPA and AI in SAP-based O2C processes makes it more efficient, accurate and results in a better cash flow management. But system integration into, and change management, of this system has implementation challenges. Organizations that embrace intelligent automation will achieve competitive advantages and enable adoption of sustained operational excellence and excellent customer satisfaction in dynamic markets.

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