Modernizing Finance with AI

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In This InfoBrief

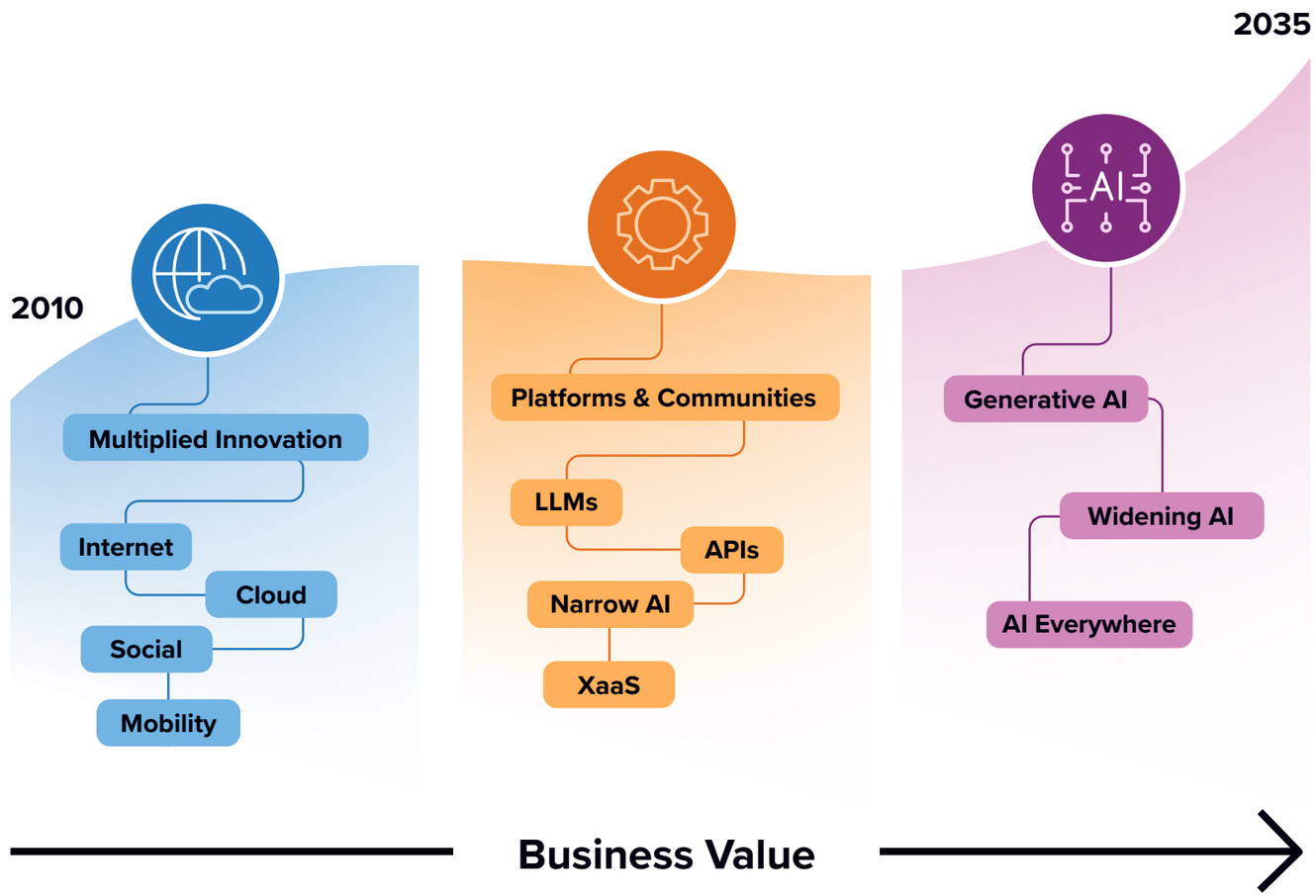
AI is changing everything. From consumer retail to supply logistics, predictive, prescriptive, and generative AI (GenAI) is changing the way enterprises approach and do business. The business of AI is becoming increasingly critical to organizations globally.

- The purpose of this InfoBrief is to **examine the business of AI and explain what is happening** in this important business transformation area and why.
- **IDC conducted an expansive survey of organizations worldwide to assess their approach to and use of AI.** IDC also conducted extensive interviews with organizations on this topic. The following pages outline its findings and conclusions about how the business of AI will change industries, organizations, and their business processes.

AI Everywhere

IDC believes that the transition to AI Everywhere will continue to see the emergence of AI in ERP systems, enhancing the organization's ability to improve overall performance. This innovation will accelerate processes, optimize decisions, multiply productivity, and extend intelligence to business partners.

These intelligent cloud ERP systems will drive business performance and innovation quickly in this new age. Investing in business AI will allow an organization to analyze vast data sets, produce actionable insights, model future business scenarios, and optimize business processes.



IDC FutureScape Predictions

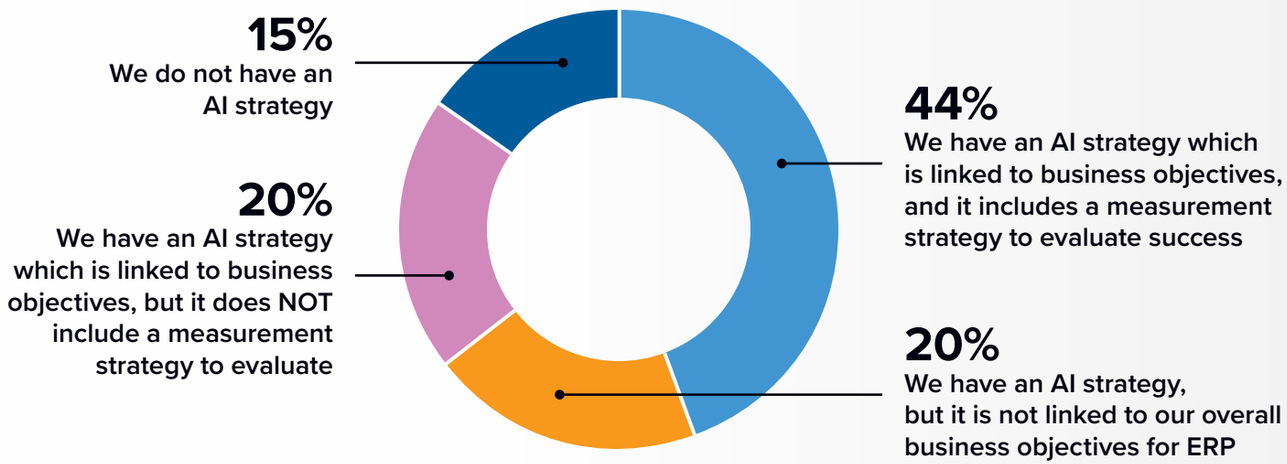
"By mid-2025,

of end users will **leverage AI-infused applications,** moving from systems of record to **systems of intelligent planning,** providing a lens toward better outcomes."

"By early 2025, organizations still on legacy systems will need to **modernize their applications immediately to survive and adapt** to the digital world already surpassing them."

Finance and Accounting Recognize the Importance of an AI Strategy

Which of the following best describes how your **organization's overall AI strategy,** including traditional AI and GenAI, supports/will support your ERP business objectives?



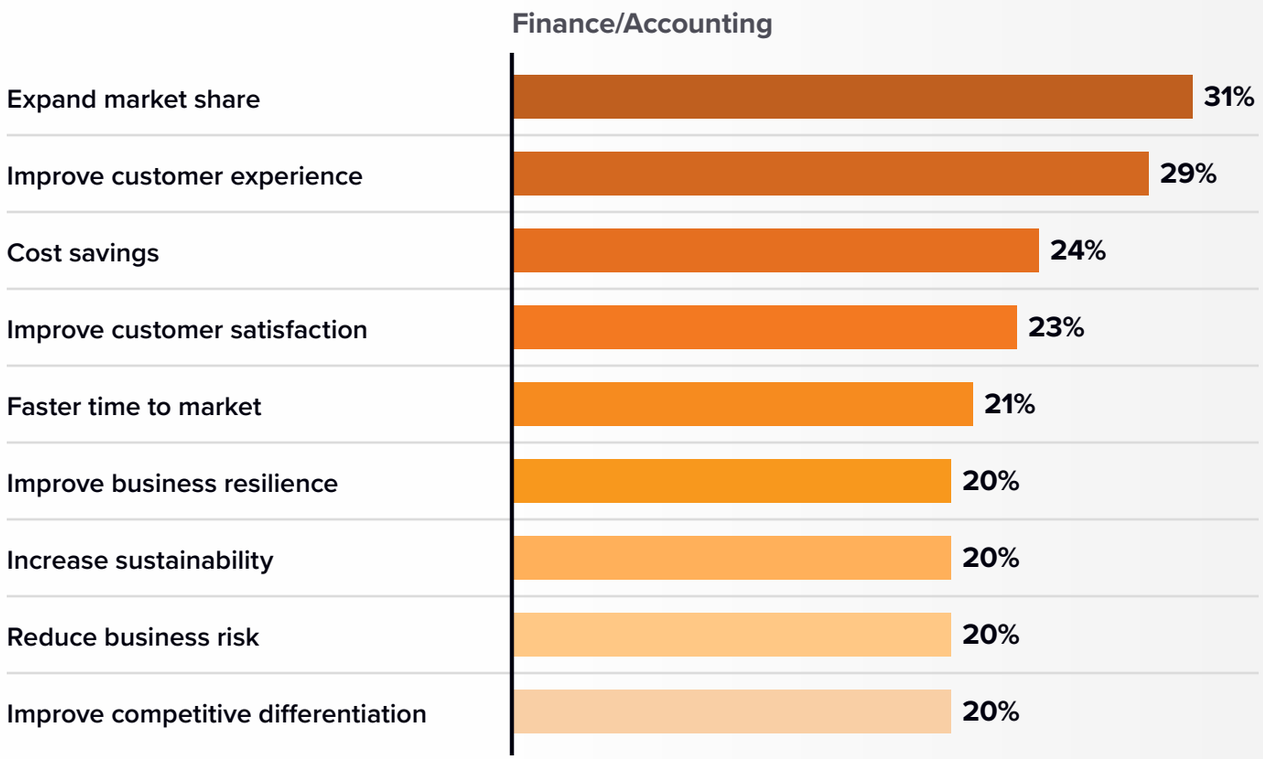
Notes: Total may not sum to 100% due to rounding.
n = 1,205 (all respondents), n = 132 (finance/accounting); Source: IDC's *ERP AI Selling Strategies & Messaging Study*, November 2023

"GenAI has a role in preparing and indicating insights and analysis."

VP Accounting, Retailer

Finance and Accounting Expect Business AI Benefits

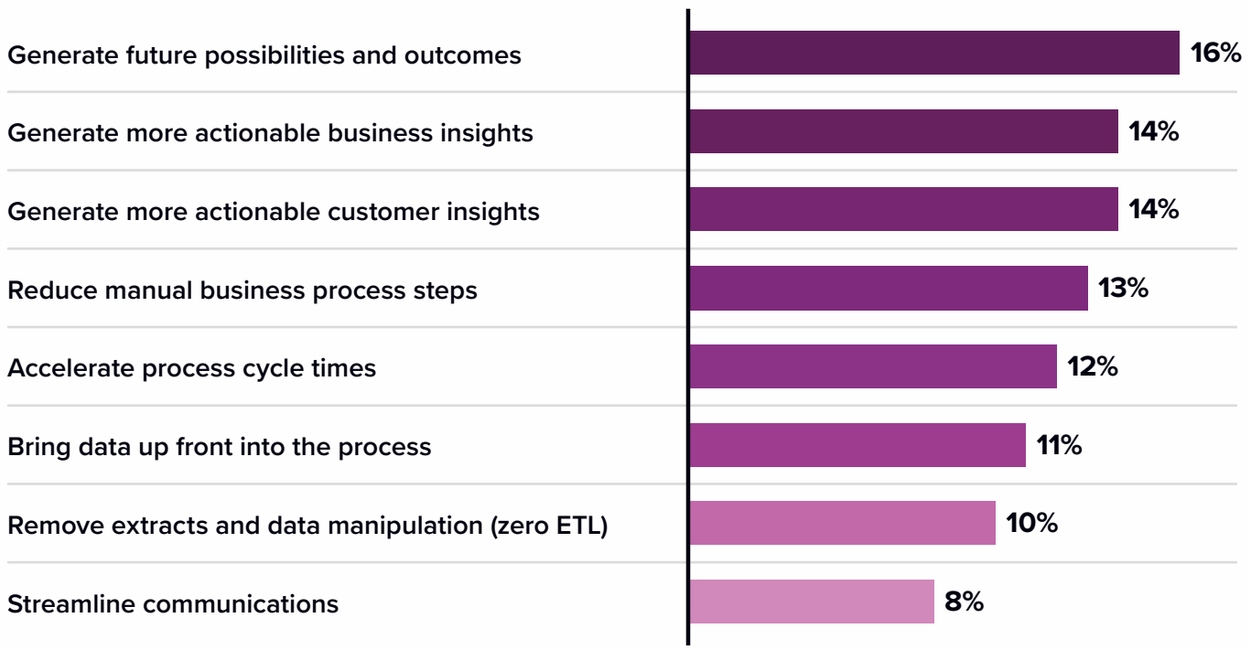
Which of the following are the **three most important business outcomes** that your organization is trying to achieve from leveraging AI, including traditional AI and GenAI, for ERP?



n = 1,205 (all respondents), n = 605 (IT), n = 600 (LOB), n = 132 (finance/accounting), n = 268 (operations), n = 200 (supply chain); Source: IDC's *ERP AI Selling Strategies & Messaging Study*, November 2023

Organizations Are Expecting Business Process Changes from GenAI-Powered Applications in the Next 18 Months

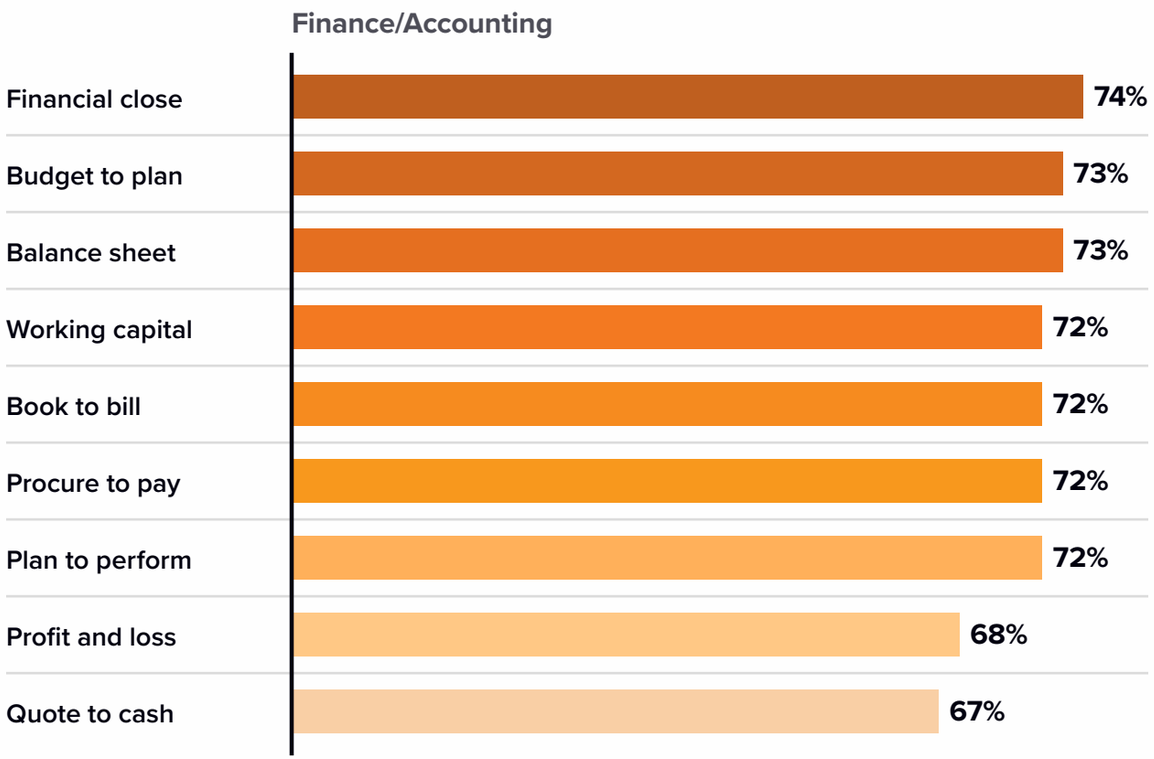
Top Innovative Business Process for GenAI



Source: IDC #US51945324, March 2024

Finance and Accounting Realize that Embedded AI Is Critical to the Business

In your opinion, how important is AI to...?



n = 1,205 (all respondents), n = 605 (IT), n = 600 (LOB), n = 132 (finance/accounting), n = 268 (operations), n = 200 (supply chain);
Source: IDC's *ERP AI Selling Strategies & Messaging Study*, November 2023

Business AI Improves **Financial Close** Processes

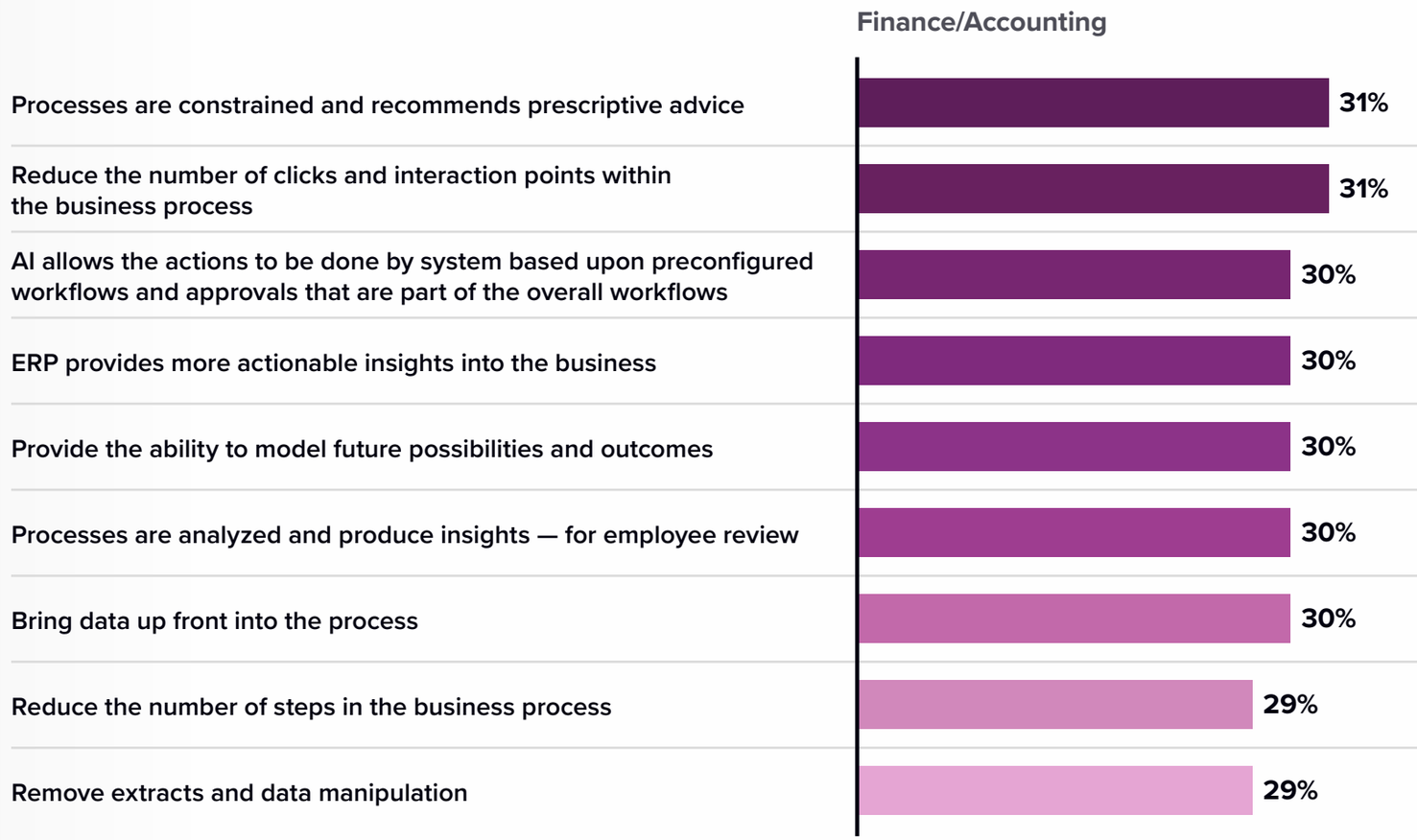
Financial close: How has AI-powered ERP changed the business process and your engagement with it?

n = 1,205 (all respondents), n = 605 (IT), n = 600 (LOB), n = 132 (finance/accounting), n = 268 (operations), n = 200 (supply chain); Source: IDC's *ERP AI Selling Strategies & Messaging Study*, November 2023

- Actionable insights
- Analyze and produce insights
- Prescriptive advice recommendations
- System actions by preconfigured workflows and approvals

Business AI Improves **Working Capital** Processes

Working capital: How has AI-powered ERP changed the business process and your engagement with it?



n = 153 (all respondents), n = 55 (IT), n = 98 (LOB), n = 21 (finance/accounting), n = 45 (operations), n = 32 (supply chain);
Source: IDC's *Cloud as the Platform for AI Innovation Survey*, November 2023

GenAI Use Case: Cash Flow Forecasting

Description

GenAI algorithms can analyze historical financial data, market trends, and relevant factors to generate more accurate and granular cash flow forecasts.

By considering multiple variables and complex relationships, GenAI can capture nuanced patterns and provide more precise predictions than traditional forecasting methods.

In addition, GenAI algorithms can detect anomalies, deviations, or patterns that indicate potential cash flow disruptions.

Business Impact

More accurate forecasts and better cash management overall

Improved Business Metrics

- Cash forecasting accuracy
- Time to determine daily cash balance

GenAI Use Case: Predictive Liquidity Planning

Description

GenAI can analyze supplier data and help treasures identify patterns and trends so that they can make better-informed liquidity management decisions based on predictive insights, optimize working capital, and unlock cash to fund growth.

Business Impact

Improved working capital management

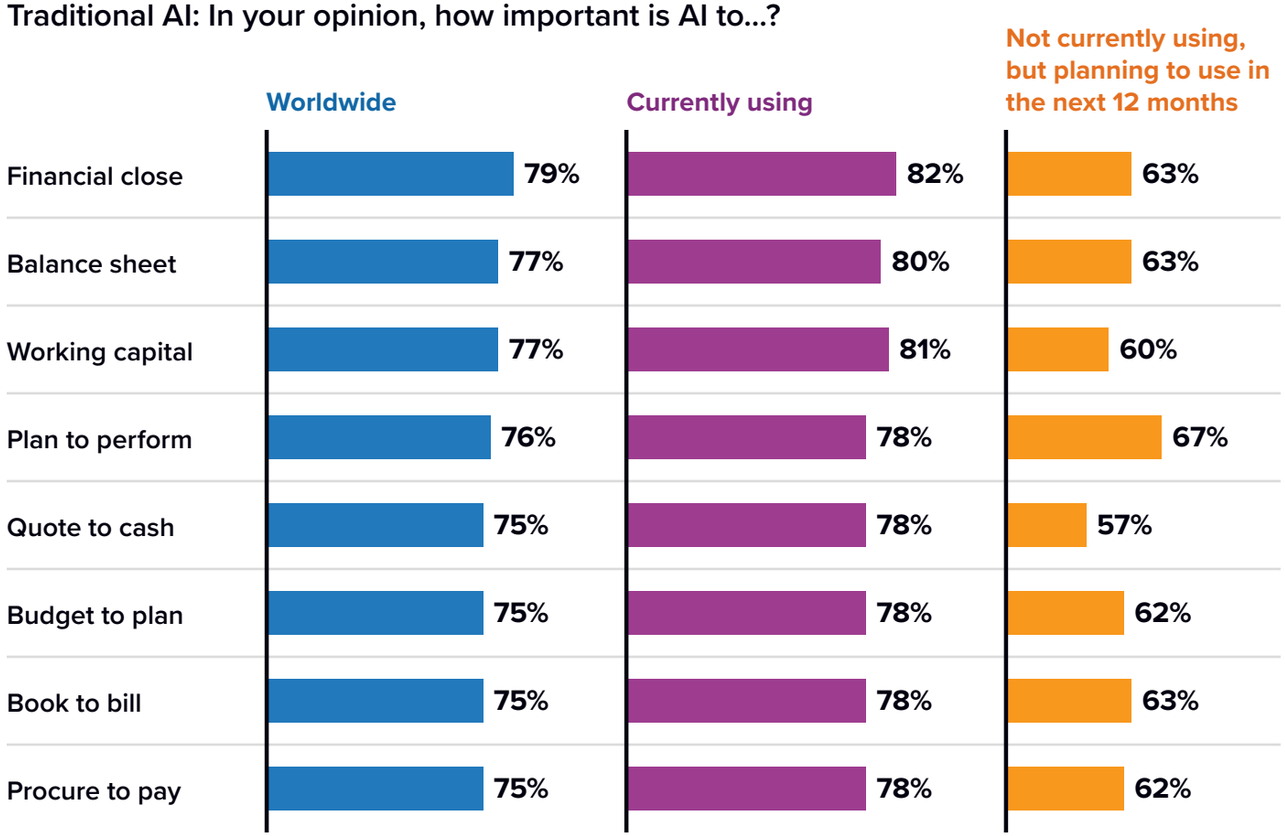
Improved Business Metrics

- Working capital
- Debt-to-cash ratio
- Cash balance

Embedding AI in Business Processes

Organizations are using embedded AI in a variety of business processes.

Traditional AI: In your opinion, how important is AI to...?



Head of IT and data security for a large global software provider in the healthcare sector (30,000 staff worldwide), United States:

*"We see the biggest opportunities in **automating and speeding up the monthly close and anything where large-scale checking and verification is involved,** including our extensive intercompany accounting and reconciliation."*

n = 1,205 (all respondents), n = 920 (currently using), n = 285 (not currently using but planning to use in the next 12 months); Source: IDC's *ERP AI Selling Strategies & Messaging Study*, November 2023

For an accessible version of the data on this page, see Supplemental Data in the Appendix.

GenAI Use Case: Accounts Payable

	Description	Business Impact	Improved Business Metrics
Data extraction: Invoices and receipts	Working in tandem with technologies such as OCR and machine learning, GenAI can find and extract patterns in business transaction documents, including purchase orders, invoices, supplier notes, and receipts.	More efficient invoice processing leads to faster payments.	Invoices processed per FTE Average cost per invoice Days payable outstanding
Supplier emails	AP departments are inundated with supplier emails. GenAI can read them and create summaries for AP staff and financial leaders.	AP teams can spend more time on value-added activities by reducing time answering supplier questions.	

GenAI Use Case: Accounts Receivable

	Description	Business Impact	Improved Business Metrics
Credit decisioning	GenAI can quickly provide more accurate credit decisions by combining structured (supplier payment history) and unstructured (relevant, new, or economic) data at speed and scale.	GenAI can make timely and accurate customer credit decisions to reduce bad debt while maximizing sales opportunities.	Billing inquiries and dispute resolution Non-payments and bad debt risk Days sales outstanding
Customer communication	Using GenAI to offer prompt responses to customer billing and credit inquiries can reduce the burden on customer service reps.	Build customer loyalty while increasing the productivity of the customer service team.	

GenAI Use Case: Corporate Tax and Audit

	Description	Business Impact	Improved Business Metrics
Digital regulatory assistant	GenAI can provide users with a real-time digital assistant that can quickly summarize complex tax and regulatory announcements so that they are easier to comprehend.	GenAI will result in faster analysis and compliance by reducing the time to summarize and analyze the ever-changing regulatory landscape.	Compliance cost per incident Number of violations and complaints Recognition and resolution time frames
Assess and manage compliance risk	GenAI can mitigate compliance risks by identifying potential anomalies in current contracts, leases, tax filings, and other financial documents.	This reduces the risk of non compliance, penalties, and loss of business reputation.	

Business AI Is Critical to Finance and Accounting

Finance organizations recognize the critical importance of AI to accelerate processes, optimize decisions, and maximize efficiency, enabling the business to:

Automate finance processes for more accurate and on-time reports

Quickly interact and bring visibility into other parts of the business

Make users more efficient so that they can work on strategic activities

Improve decision velocity to make the business more competitive

Steer the business with accurate, timely financial insights and analysis

Enable the entire finance organization to improve productivity

Appendix: Supplemental Data

The table in this appendix provides an accessible version of the data for the complex figure in this document. Click “Return to original figure” below this table to get back to the original figure.

SUPPLEMENTAL DATA FROM PAGE 14

Traditional AI: In your opinion, how important is AI to...?

	Worldwide	Currently using	Not currently using, but planning to use in the next 12 months
Financial close	79%	82%	63%
Balance sheet	77%	80%	63%
Working capital	77%	81%	60%
Plan to perform	76%	78%	67%
Quote to cash	75%	78%	57%
Budget to plan	75%	78%	62%
Book to bill	75%	78%	63%
Procure to pay	75%	78%	62%

n = 1,205 (all respondents), n = 920 (currently using), n = 285 (not currently using but planning to use in the next 12 months); Source: IDC’s *ERP AI Selling Strategies & Messaging Study*, November 2023

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About the IDC Analyst

Mickey North Rizza
Group Vice President,
Enterprise Software, IDC

Mickey leads the Enterprise Applications and Strategies research service along with a team of analysts responsible for IDC's coverage of next generation of enterprise applications including digital commerce, employee experience, enterprise asset management and smart facilities, ERP, financial applications, HCM and payroll applications, procurement, professional services automation and related project-based solutions software, supply chain automation, and talent acquisition and strategies. In her role, Mickey and the team advises clients on these intelligent, modern, and modular enterprise applications for businesses of all sizes with an emphasis on the key trends, opportunities, innovation and the IT and Business Buyer concerns, requirements, and buyer behaviors.

More about Mickey North Rizza

Message from the Sponsor

Fueled by the world's most powerful business data, technology platform, and meaningful AI, the SAP Business Suite gives finance leaders the tools to navigate truly sustainable transformation.

By streamlining processes and enabling agile, insight-driven decision-making, they can realize revenue opportunities, scale innovative business models, and unlock transformative efficiencies across operations, closing, and reporting.

To learn more about SAP Business Suite for Finance, please contact your SAP Partner.

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