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.

2035

2010

Multiplied Innovation

Internet

Cloud

Social

Mobility

Platforms & Communities

LLMs

APIs

Narrow AI

XaaS

Generative AI

Widening AI

AI Everywhere

Business Value
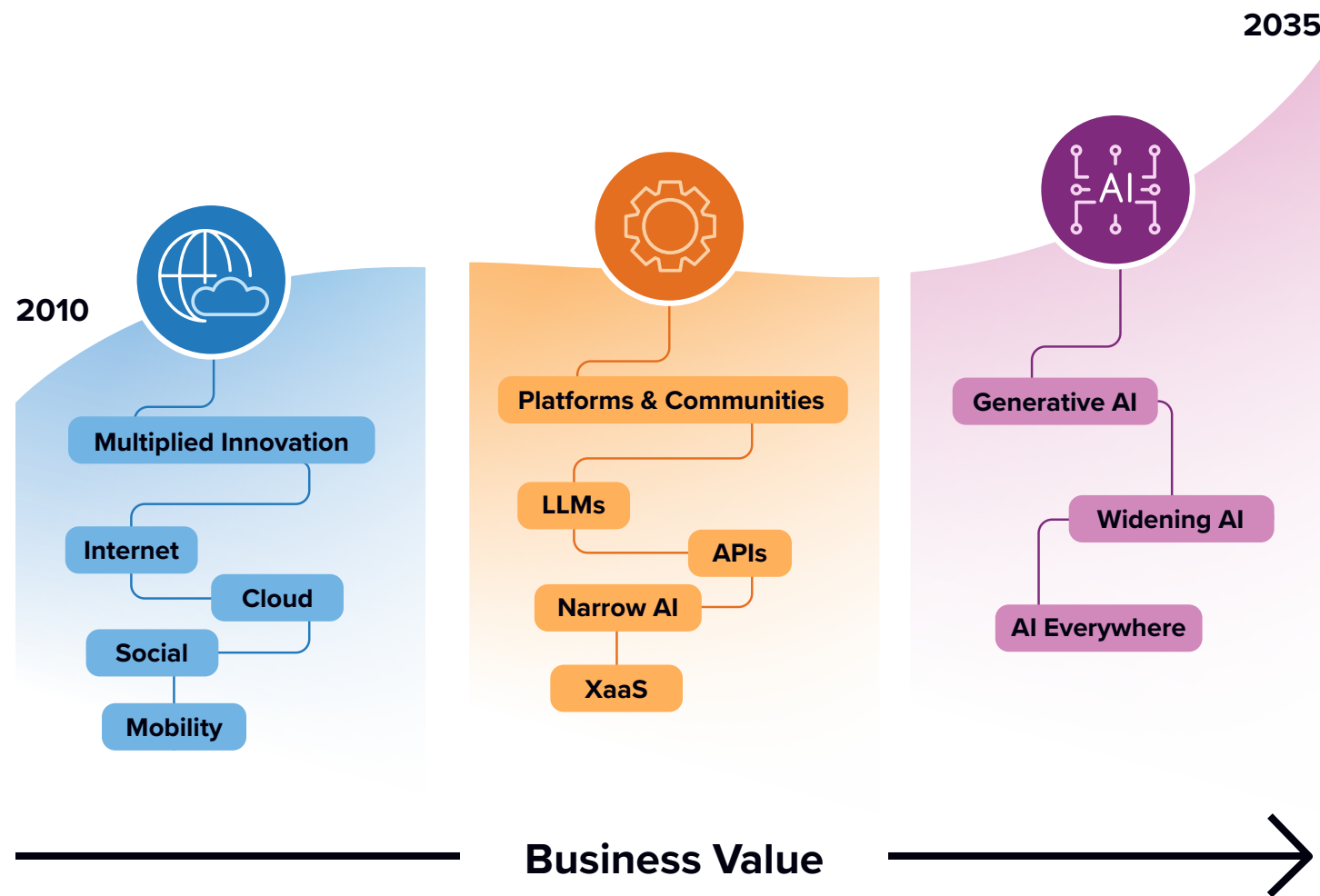
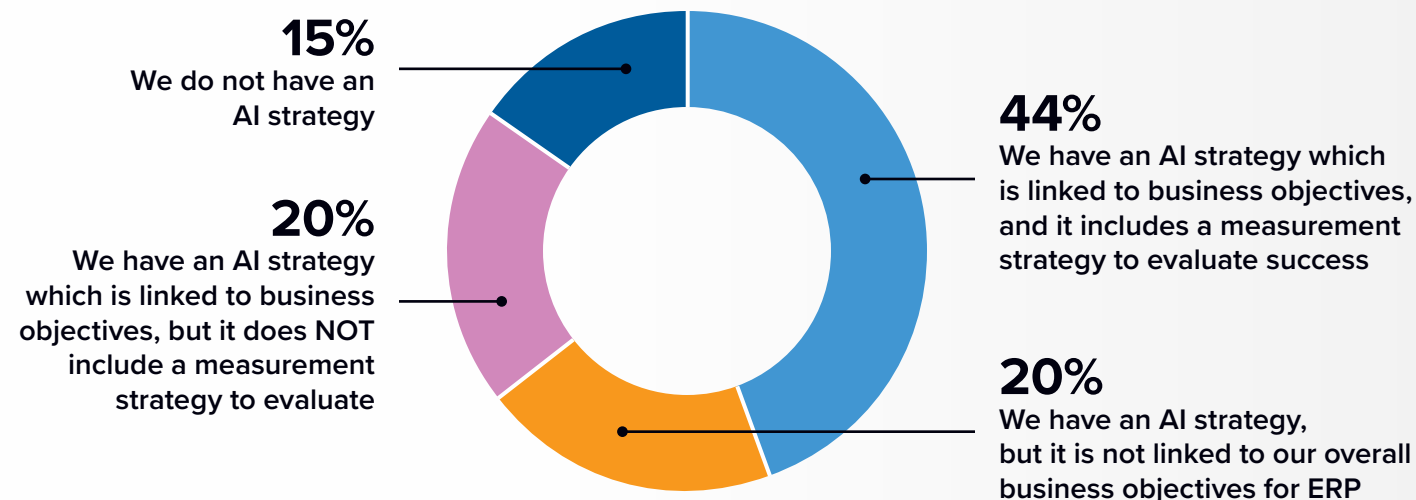# IDC FutureScape Predictions

"By mid-2025,

50% 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?

15%
We do not have an AI strategy

20%
We have an AI strategy which is linked to business objectives, but it does NOT include a measurement strategy to evaluate

44%
We have an AI strategy which is linked to business objectives, and it includes a measurement strategy to evaluate success

20%
We have an AI strategy, but it is not linked to our overall business objectives for ERP

"GenAI has a role in preparing and indicating insights and analysis."
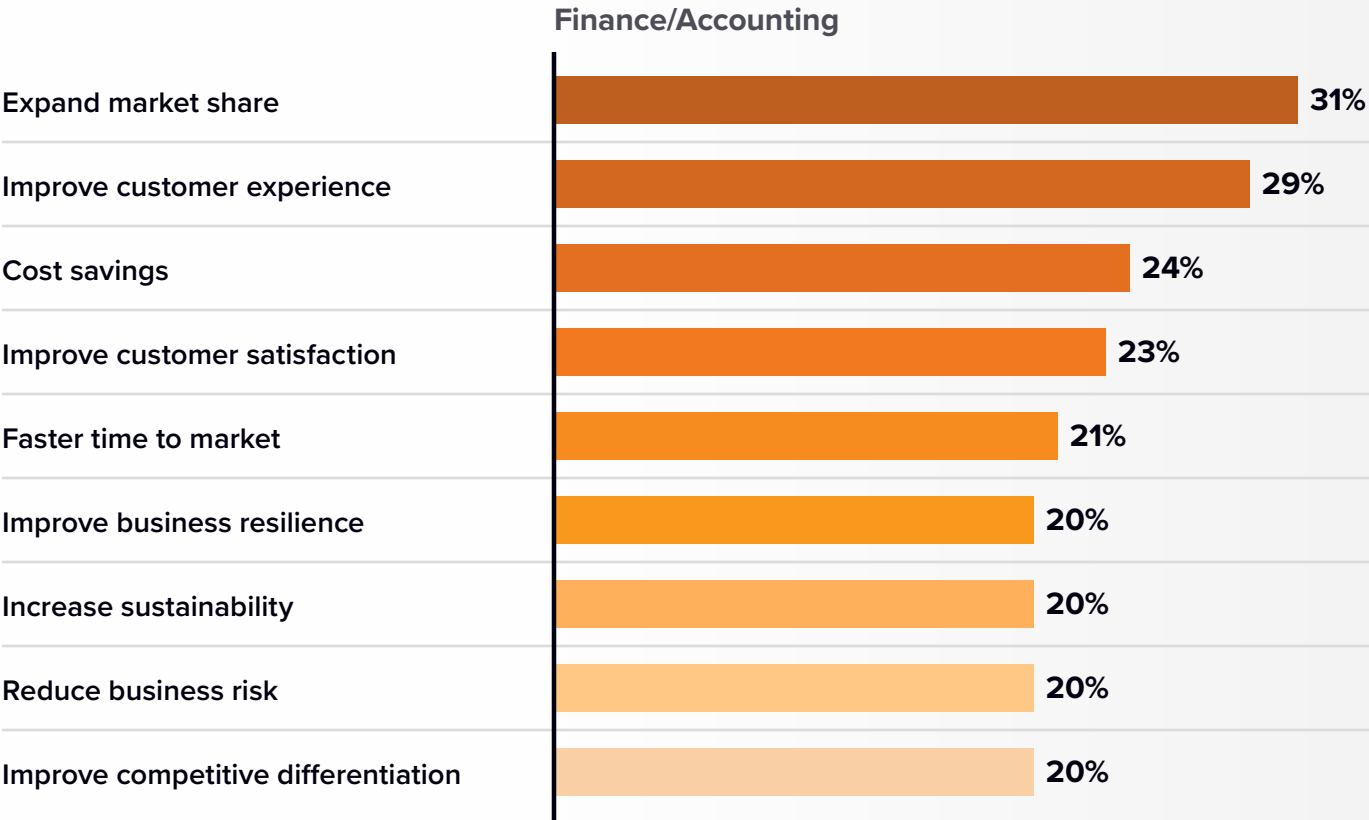
VP Accounting, Retailer

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

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?

Finance/Accounting

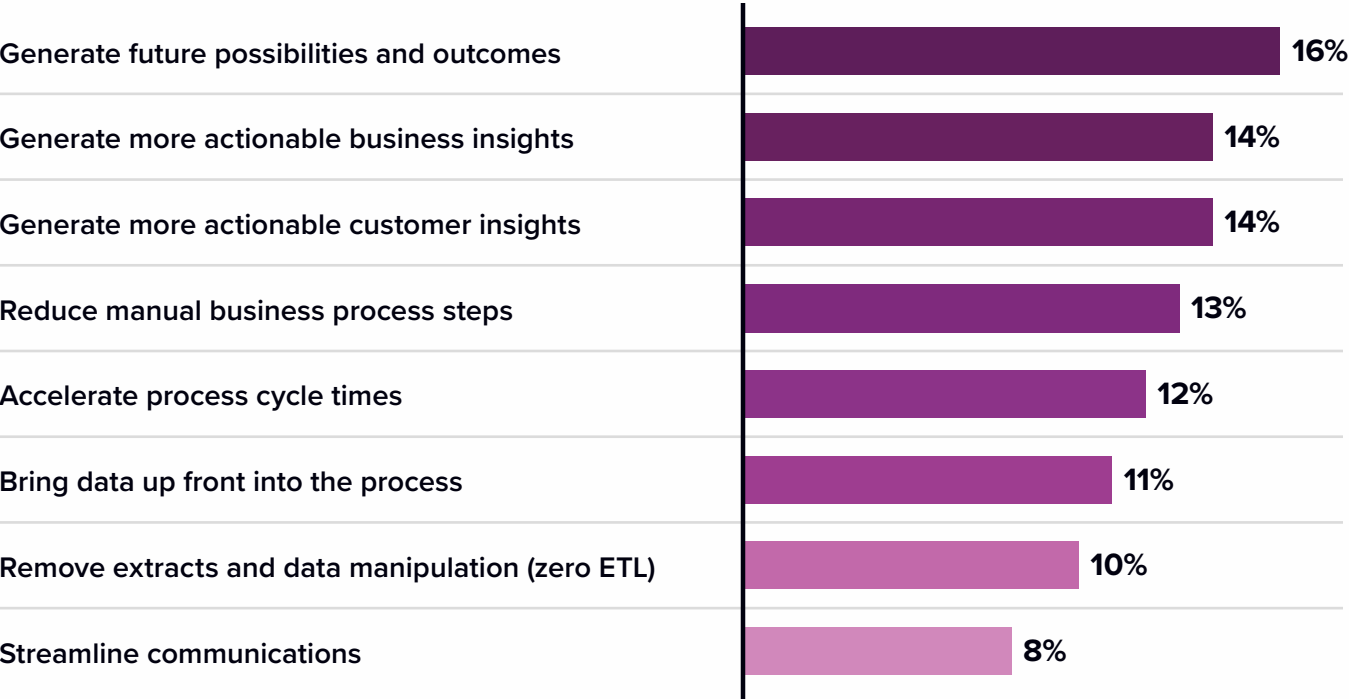| Outcome	Value
Expand market share	31%
Improve customer experience	29%
Cost savings	24%
Improve customer satisfaction	23%
Faster time to market	21%
Improve business resilience	20%
Increase sustainability	20%
Reduce business risk	20%
Improve competitive differentiation	20%

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

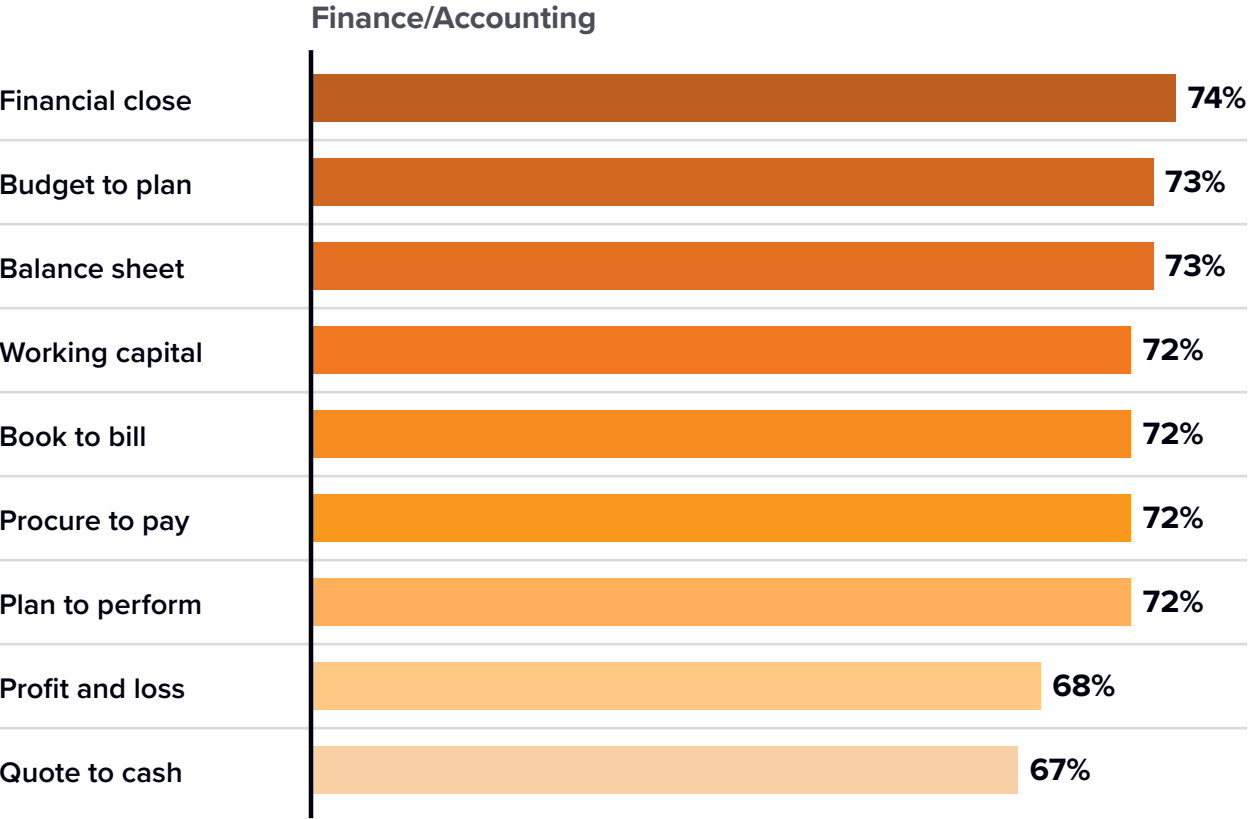| Business Process	%
Generate future possibilities and outcomes	16%
Generate more actionable business insights	14%
Generate more actionable customer insights	14%
Reduce manual business process steps	13%
Accelerate process cycle times	12%
Bring data up front into the process	11%
Remove extracts and data manipulation (zero ETL)	10%
Streamline communications	8%

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...?

Finance/Accounting

Category	Value
Financial close	74%
Budget to plan	73%
Balance sheet	73%
Working capital	72%
Book to bill	72%
Procure to pay	72%
Plan to perform	72%
Profit and loss	68%
Quote to cash	67%

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?

Finance/Accounting

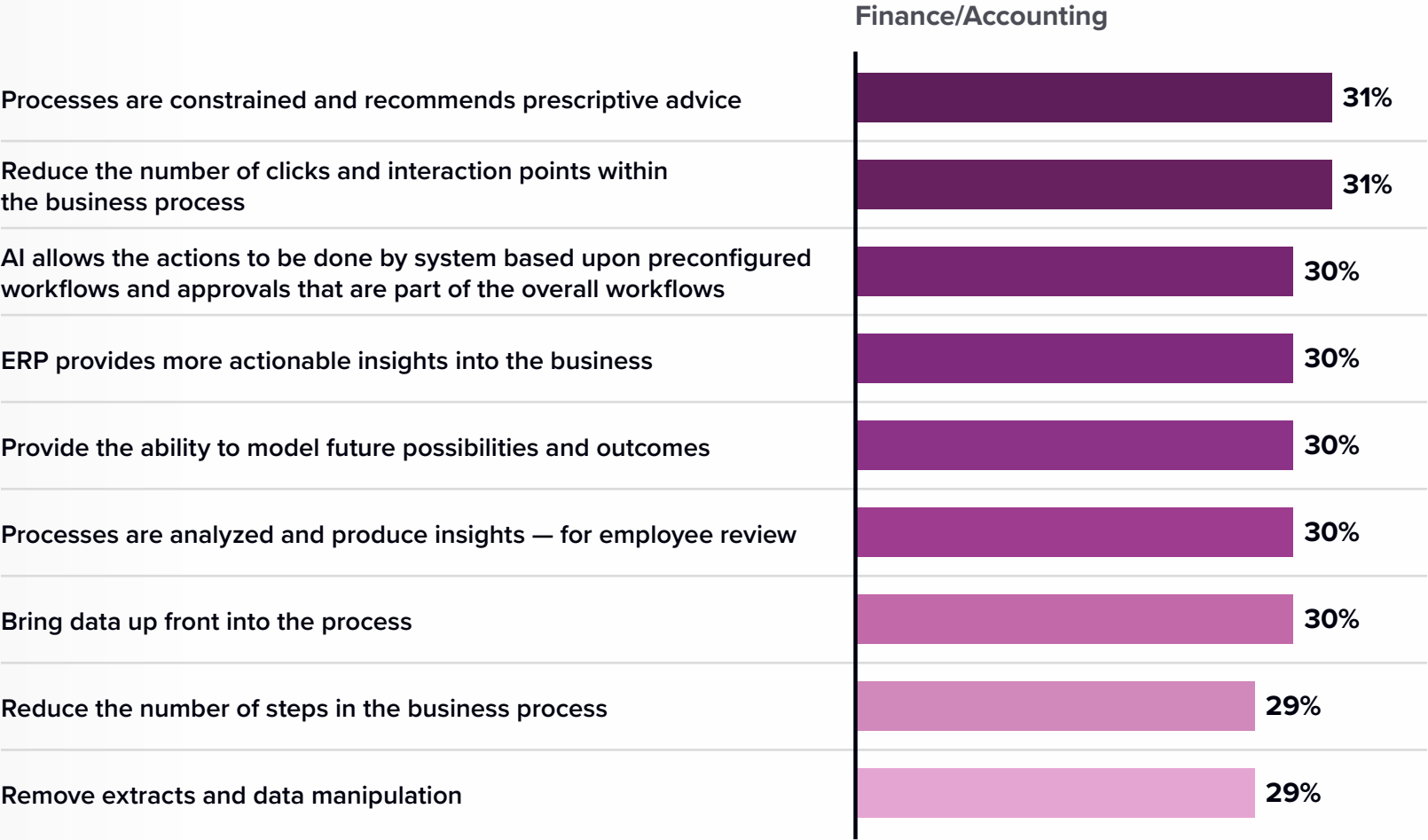| Category	Value
Processes are constrained and recommend prescriptive advice	32%
ERP provides more actionable insights into the business	32%
AI allows the actions to be done by system based upon preconfigured workflows and approvals that are part of the overall workflows	30%
Bring data up front into the process	30%
Processes are tied to a governance framework	29%
Reduce the number of steps in the business process	28%
Reduce the number of clicks and interaction points within the business process	28%
Provide the ability to model future possibilities and outcomes	27%
Processes analyze and produce insights — for employee action	26%

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

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 **Working Capital** Processes

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

Finance/Accounting

Processes are constrained and recommends prescriptive advice	31%
Reduce the number of clicks and interaction points within the business process	31%
AI allows the actions to be done by system based upon preconfigured workflows and approvals that are part of the overall workflows	30%
ERP provides more actionable insights into the business	30%
Provide the ability to model future possibilities and outcomes	30%
Processes are analyzed and produce insights — for employee review	30%
Bring data up front into the process	30%
Reduce the number of steps in the business process	29%
Remove extracts and data manipulation	29%

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.

Improved Business Metrics

Working capital

Debt-to-cash ratio

Cash balance

Business Impact

Improved working capital management

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…?

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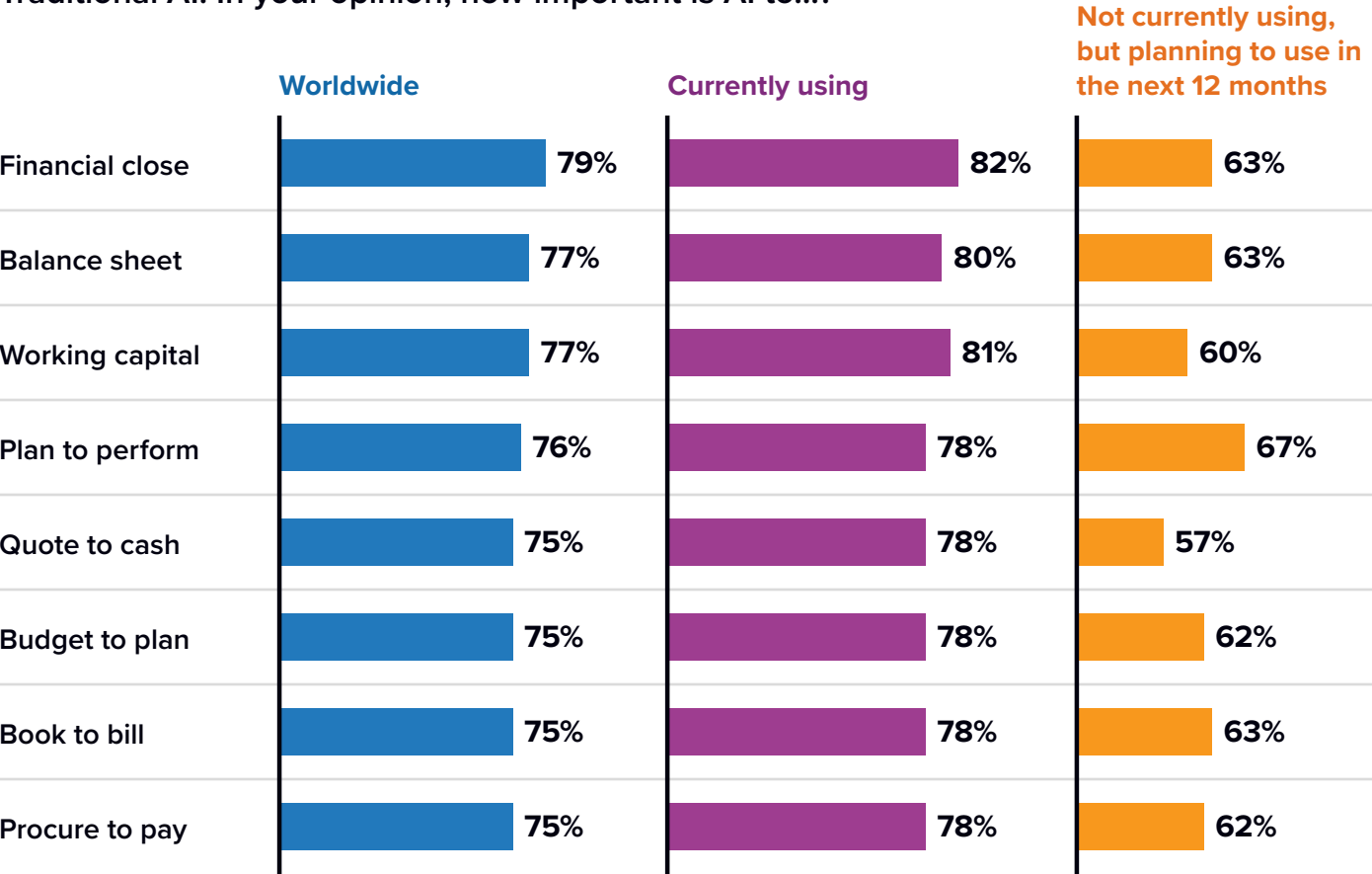
Head of IT and data security for a large global software provider in the healthcare sector (30,000 staff worldwide), United States:

*"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
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.	Days payable outstanding

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
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.	Days sales outstanding

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
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.	Recognition and resolution time frames

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…?

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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

Return to original figure

About the IDC Analyst

Mickey North Rizza
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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.

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