

RedOwl

Realtime Governance for the Office of the CFO

ADAPT 2025



Overview

RedOwl, in partnership with Mastercard and Amazon Web Services (AWS), convened Australian finance leaders from banking, insurance, healthcare, education, retail, and manufacturing to explore governance and control framework challenges. The discussion revealed consistent pain points across industries and highlighted emerging solutions that address these challenges while delivering measurable commercial benefits.

The conversation centered on a critical insight: organisations lack the ability to capture and systematically deploy institutional knowledge, resulting in significant financial leakage and operational risk. With contract leakage alone representing over \$250 billion annually across Australian enterprises spending over \$100 million per year¹, the opportunity for value recovery through real-time governance is substantial.

¹Australian Bureau of Statistics

Key Findings

01

Organisational Memory Leakage

Critical institutional knowledge—including supplier onboarding procedures, contract details, and strategic sourcing decisions—resides with individuals rather than systems. Day to day this prevents effective knowledge deployment and creates significant risk when employees depart. The 'culture of compliance' is maintained by a handful of people, even in the largest organisations. Current AI-enabled automation is not solving this fundamental challenge.

02

Unstructured Data Challenge

Governance information is fragmented across SharePoint sites, email systems, and individual knowledge bases. This fragmentation prevents efficient access to policies, contracts, and historical decisions, compounding memory leakage issues, and enabling contract value erosion.

03

Contract Leakage

Industry estimates suggest 6–12% of negotiated contract value is unrealised due to poor visibility into supplier agreements and purchasing behaviours. In Australia, this represents more than \$250 billion in potential value recovery for enterprises spending over \$100 million annually.

04

Pre-Transactional Intelligence Gap

Organisations recognise the need to shift from reactive to proactive governance. This requires applying pre-transactional intelligence—including policy application, historical decision patterns, and contextual judgement—before money leaves the organisation, not after.

05

AI Implementation Concerns

While organisations are moving from proof-of-concept to production deployment, progress occurs only where security guardrails, responsible AI principles, and clear human-in-the-loop oversight are established. Leaders emphasise keeping AI within enterprise boundaries to systematically capture and utilise knowledge currently trapped in silos.

Common Challenges

- Lack of documented processes and over-reliance on long-tenured employees.
- Inability to locate critical documents (contracts, NDAs) within existing systems.
- Supplier onboarding complexity and difficulties monitoring contract adherence.
- Scaling governance across global operations and maintaining local flexibility.
- Tension between centralising procurement and managing distributed decision-making authority.
- Cost optimisation pressures conflicting with governance investment needs.
- Building trust in AI-generated outputs within finance and compliance functions.
- Change management resistance when implementing new systems and controls.
- Fear of missing opportunities due to unknown contractual obligations.

Solutions and Benefits Sought

01

Real-Time Governance Systems

Leaders seek systems that capture institutional memory and automatically deploy it - applying decision context and policy at the point of transaction. This addresses the fundamental challenge of knowledge residing with individuals rather than being systematically available.

02

Cost Optimisation Through Control

- **Payment Execution Controls:** Virtual card solutions enabling transaction-level restrictions (specific suppliers, amounts, locations) that reduce fraud risk whilst improving working capital management.
- **Contract Intelligence:** AI-powered tools that ingest contracts and transaction history to identify leakage, optimise supplier relationships, and ensure negotiated rates are realised. Leaders emphasised the value of simply knowing which suppliers to prioritise.

03

Human-in-the-Loop AI Models

Augmenting human decision-making with AI-prepared intelligence whilst maintaining accountability and audit trails builds trust through transparency. These models require shared development from CEO/CFO/CIO-led teams, bringing together finance, data, risk, and innovation leaders to establish frameworks before scaling AI adoption.

04

Non-Reactive Workflows

Establishing processes that get ahead of problems rather than responding after issues occur, supported by clean data foundations and clear risk and governance frameworks.

05

Adaptive Policy Application

Systems capable of adapting from global to regional to local policy requirements, enabling both consistency and necessary flexibility.

Path Forward

The financial opportunity is compelling. Contract leakage recovery alone represents material value, and when combined with working capital management improvements and operational efficiency gains, the business case for real-time governance is substantial.

The industry has reached a critical inflection point. Over the past 12–18 months, organisations have shifted from AI proof-of-concept projects to production deployment. This acceleration stems from establishing clear governance frameworks—implementing security guardrails, responsible AI principles, and human-in-the-loop oversight mechanisms. A key enabler is keeping AI within enterprise boundaries, systematically capturing and efficiently utilising knowledge currently trapped in silos rather than acquiring new external data.

Board and C-suite education remains critical. Initial AI deployments focused on employee productivity gains. Organisations are now advancing towards external-facing applications to improve customer experience and supply chain management. This progression requires executive confidence in governance frameworks and demonstrated value from pilot programmes.

Success requires systems with excellent user experience that interface seamlessly with existing finance and technology stacks. This integration will fundamentally transform adoption rates and enable organisations to realise the full value of real-time governance and control.

Key Success Factors

- Establishing clear risk and governance frameworks before scaling AI.
- Implementing pre-transactional intelligence to prevent value leakage.
- Maintaining human oversight and accountability.
- Ensuring tools integrate with existing systems and provide superior user experience.
- Building cross-functional teams (finance, data, risk, innovation) to develop frameworks collaboratively.