

A new era of AI for CFO's

It's time to expand your business's brainpower.



Executive Summary

Artificial Intelligence (AI) shouldn't be viewed as a tool to cut costs, but as a tool that can expand business brainpower.

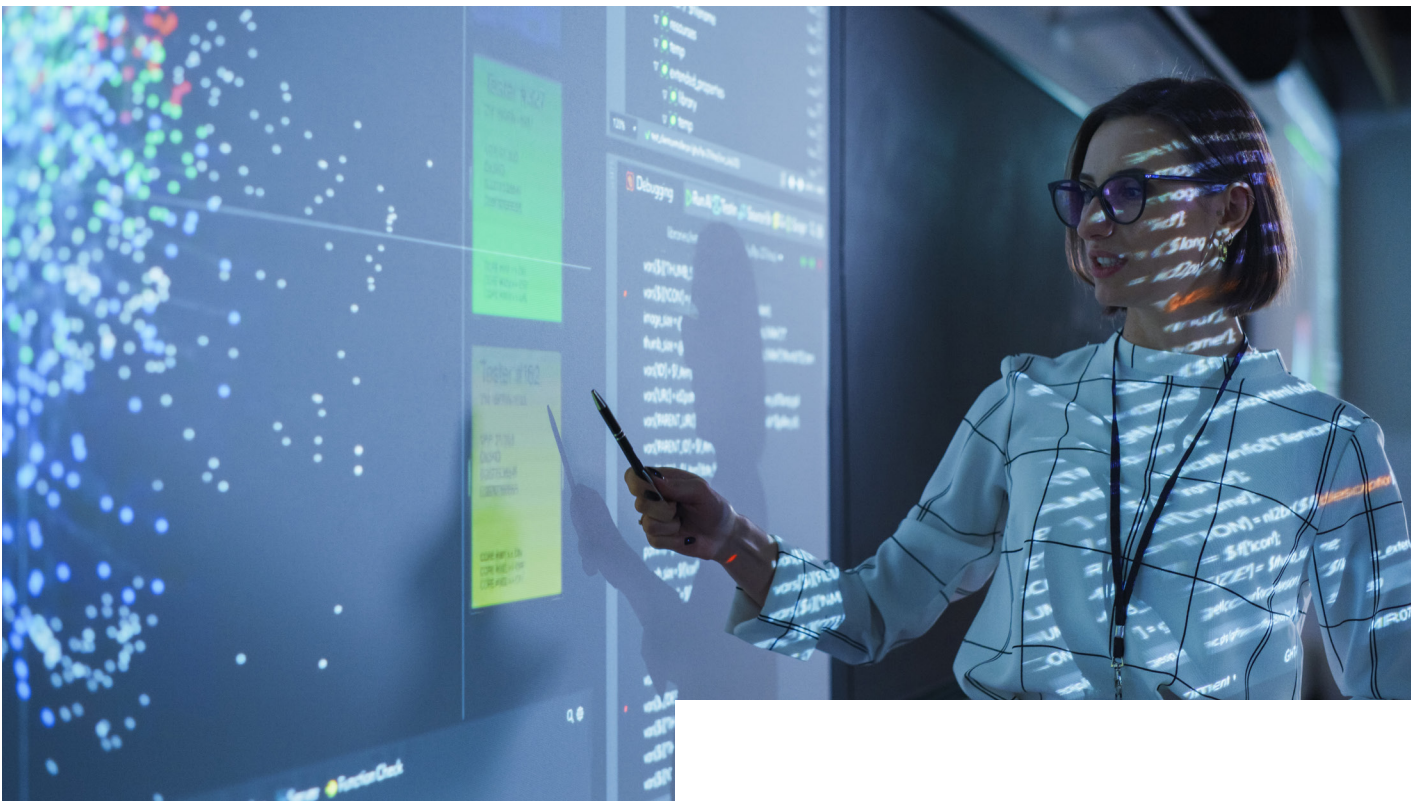
The below stats should be enough to assure you that Artificial Intelligence can be very helpful. In our latest piece of insight, we want to highlight ways AI can improve efficiency and ultimately make your business more successful.

- With the help of machine learning, Netflix uses automated personalized recommendations to make \$1 billion annually.
- By 2025, as many as 97 million people will work in the AI space.
- 83% of companies claim that AI is a top priority in their business plans.
- 48% of businesses use some form of AI to utilize big data effectively.

ERA Group, with over 1,000 people globally analyzing over €13b of expenditure with thousands of clients, has proprietary benchmarking data from over 40,000 projects. This provides a unique lens, illuminating opportunities for clients.

In this article we will explore:

- AI for CFO's
- AI in action (Chat GPT, Co-Pilot)
- Business Process Management (BPM)
- And the aspirations and benefits of AI in the long-term.



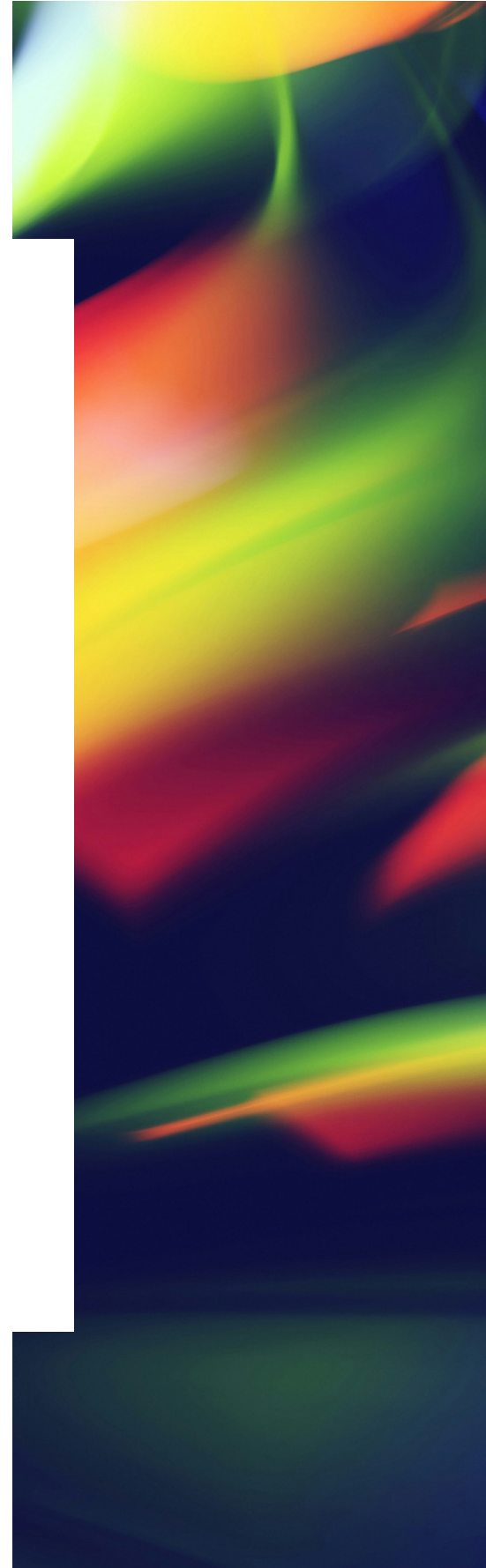
Artificial Intelligence (AI) is revolutionizing the way organizations operate

With its ability to automate tasks, provide insights from data, and deliver personalized experiences, AI is changing how businesses interact with customers, employees, and clients. AI is streamlining processes and augmenting human intelligence, making work more efficient and effective. As a result, companies are reimagining their operations and exploring new opportunities in the AI era.

Digital technology, the ability to store vast amounts of data, advancements in machine learning algorithms, and declining costs of AI technologies have made the use of AI accessible and affordable for organizations of all sizes.

Organizations are eager to adopt AI because it can drive efficiency, increase productivity, and gain a competitive advantage. There are three primary reasons that motivate organizations to expedite their AI investments – automation, increased efficiency, and providing new services.

This article will explain how CFO's and organizations can leverage AI to gain a competitive advantage.



AI for CFO's



Technological advancements continuously reshape every industry, often in profound ways, and this transformation is accelerating. Currently, Generative AI (GenAI) is starting to unveil its capacity to disrupt. The impact of this technology will vary among businesses, not occurring simultaneously or uniformly. Across different sectors and regions, GenAI offers substantial opportunities for considerable value generation.

However, value does not generate itself. It is the responsibility of the CFO to strategically distribute resources at the corporate level—quickly, boldly, and with a focus on the most valuable projects, whether or not they involve GenAI. In managing the finance function, the CFO cannot deploy GenAI universally or immediately. Instead, CFOs should prioritize a select few use cases that promise the most significant benefit to the function.

The most important action that CFOs should take is to identify the largest opportunities for value creation - and then make sure that they receive the money and other resources that they need.

GenAI holds the potential to be a revolutionary technology, but it doesn't change foundational principles of finance and economics: a company must generate a return above its cost of capital.

Furthermore, company capital—or access to additional capital—is limited, and projects vie for these resources. To optimize value creation, CFOs need to identify and prioritize the company's 20 to 30 most value-enhancing projects, regardless of their connection to AI. According to the Pareto principle, a small number of opportunities typically generate the majority of a company's cash flows over the coming decade. The CFO must ensure that high-value initiatives do not suffer neglect simply because another project is labeled with the "GenAI" tag. Ultimately, shareholders bear the financial burden, and they should not have to pay a premium for gen AI unnecessarily.

However, in line with the goal of maximizing shareholder value, a CFO must also recognize existential threats to the company's operations and understand the key drivers for maintaining and increasing cash flows. If an opportunity directly involves or

significantly benefits from GenAI, CFOs should not disregard it due to a lack of understanding of the technology or a failure to envision the potential value it might bring.

A world-class CFO ensures that these and other gen AI initiatives aren't starved of capital.

Often, a choice about capital allocation won't be either/or: an important business or value lever can have an even greater impact by incorporating GenAI. That applies whether the most important drivers are revenue generators (such as creating an interface that will attract more customers or encourage more cross-selling), margin expanders (for example, reducing manufacturing, procurement, or distribution costs), or a factor that spans revenues and costs (such as helping to attract, retain, and motivate employees by freeing them for more creative work).

Microsoft, for example, has been far ahead of the curve in investing in GenAI to build competitive advantage in key core businesses, such as by creating the Microsoft 365 tool Copilot, which provides real-time suggestions to improve documents, presentations, and spreadsheets.

Indeed, one of the biggest misconceptions we find is the belief that it's the job of the CFO to wait and see—or, worse, be the organization's naysayer. Capital shouldn't sit; it should be aggressively moved to fund profitable growth. The best CFOs are at the vanguard of innovation, constantly learning more about new technologies and ensuring that businesses are prepared as applications rapidly evolve. Of course, that doesn't mean CFOs should throw caution to the wind. Instead, they should relentlessly seek information about opportunities and threats, and as they allocate resources.

AI in action

Businesses are employing artificial intelligence (AI) in a variety of ways to improve efficiencies, save time and decrease costs. With continued advancements, AI is quickly becoming a precious resource for companies across industries.

Forbes recently surveyed 600 business owners using or planning to incorporate AI in business. The results revealed AI's impact on areas such as cybersecurity, fraud management, content production and customer support.

Key Takeaways

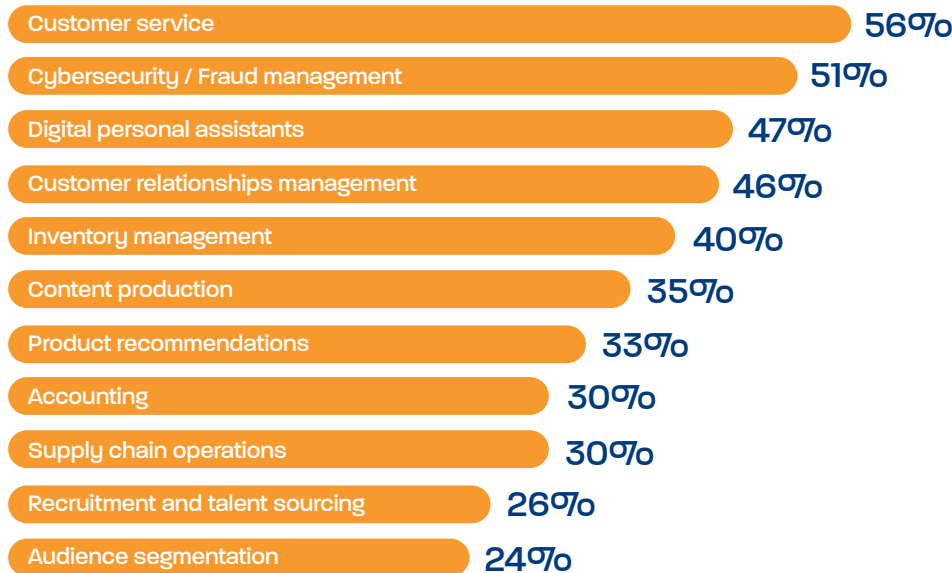
- Over half of business owners use artificial intelligence for cybersecurity and fraud management.
- Almost all (97%) business owners believe ChatGPT will help their business.
- One in three businesses plan to use ChatGPT to write website content, while 44% plan to use ChatGPT to write content in other languages.
- Nearly half (46%) of business owners use AI to craft internal communications.
- Over 40% are concerned about an over-dependence on technology due to AI use.
- Nearly two-thirds (64%) of business owners believe AI will improve customer relationships.

Impressive research, however, do you find yourself spending more time worrying about which chatbot to use to increase your work productivity? In the simplest way, how are business using AI today? There are two main programmes we have all heard of that can be leveraged very easily to improve productivity and efficiency.



Top Ways Business Owners Use Artificial Intelligence

Forbes Advisors surveyed business owners to find out how they currently use or plan to use AI within their business.



Chat GPT and Copilot

After OpenAI released its ChatGPT—a bot trained on an LLM (large language model) to hold conversations, provide feedback, and answer questions like humans—a series of other similar AI chatbots began to appear on the scene. Perplexity AI, Claude AI, Google Bard, and more recently, Microsoft's Copilot were launched by competitors and key players in the tech space.

In the market of AI chatbots, how do I know which one is best to use for my professional needs, especially when acting in a managerial capacity?

Should I ask ChatGPT to summarize key data findings for a report? Or should I use Copilot? Which chatbot should I use for assistance with market research? Or for help in drafting a new policy?

The answer really depends on what you plan to use it for, and to what extent.

Although both applications are built upon OpenAI's technologies and large language models, and offer an interactive experience for users, there remains one critical difference. While ChatGPT is a more generic, one-stop-for-everything tool that you can apply to a multitude of different workplace scenarios, from providing possible solutions to problems, to creating content and drafting entire documents and document outlines (albeit liable to some errors and outdated information), Microsoft Copilot is a more specific tool that is applied more narrowly within your organizational context.

Copilot is focused on users within Microsoft's network of applications, and helps you improve your productivity at work through seamlessly integrating with your Office applications and work laptop. It combines ChatGPT technology with the information it already contains about you and your work in the Microsoft Graph and uses both to help you improve your existing workflow.

For example, you might decide to use Copilot for your Microsoft Teams meetings, to help with summarizing meetings or drafting action items for your team members. In Microsoft Word, it can help you save time with ideas for your report draft, and with improvements to the quality and tone of the draft. You can also use the chatbot to pull information from across various Microsoft applications such as email, notes, and Teams meetings, to save time with creating a report or stakeholder update.

Finally, it's important to remember that some features of Copilot are free but can be limited. Copilot Pro, however, is a step up and includes access across apps such as Excel and OneNote. Full access to Copilot Pro is only available if you or your organization is on the enterprise plan, called "Copilot for Microsoft 365." On the flip side, you might prefer to use ChatGPT's free version, or upgrade your plan for yourself or your team specifically, to gain competitive edge and boost your productivity.

So the answer to whether you should use ChatGPT or Copilot for your work activities depends on asking yourself a few questions:

- What is it that I fundamentally need to achieve in my workday?
- What do I want to get out of my use of AI? Am I looking for a personal assistant with my work, or do I want to accomplish other creative or more generic tasks?
- Does my organization have a Microsoft workspace?

AI is set to be the all-encompassing productivity tool of the future; and if you start using it today, you are sure to notice growth and increased engagement at work.

AI Powered Business Process Management

Taking a step further from Chat GPT and Copilot, AI can be utilized to handle much more complex business objectives.

Business Process Management (BPM) has had a long history helping enterprises with their process and digital transformation initiatives. Now, BPM is getting a big boost from AI.

AI technology is rapidly advancing, making it possible to develop more sophisticated and effective AI-powered process discovery and automation solutions. Many of these advancements are due to the increasing availability of data from many sources such as enterprise systems, sensors and social media, resulting in AI deployments on a larger scale. The development of deep learning algorithms, for example, enables AI systems to learn from data and identify patterns that would be difficult or impossible for humans to identify.

At its core, Business Process Management is a discipline that focuses on optimizing and improving an organization's operational processes to enhance efficiency, productivity, and overall performance. BPM aims to streamline workflows, eliminate bottlenecks, reduce costs, and enhance customer satisfaction. It involves the systematic analysis, design, execution, monitoring, and continuous improvement of processes to achieve business objectives.

This is a longer-term strategy for businesses to adopt, but as AI technologies continue to evolve and become more accessible and intuitive to use, it is likely that more organizations will rely on AI in the BPM environment.



Here are some ways AI will impact BPM, and should be part of a CEO/CFO's long-term thinking.

1. Data-Driven Decision-Making

AI technologies, including machine learning and predictive analytics, empower organizations to extract insights from large datasets. By analyzing both historical and real-time data, AI can uncover patterns and correlations that may elude human analysis. This capability allows for more accurate decision-making, process optimization, and proactive issue management, thereby enhancing outcomes and reducing risks.

2. Process Optimization and Continuous Improvement

AI identifies inefficiencies within business processes by analyzing data and performance metrics. This analysis highlights areas in need of refinement, helping organizations to streamline operations, shorten process times, and enhance resource efficiency. AI also supports ongoing process monitoring, which helps in detecting anomalies and making real-time adjustments.

3. Enhancing Customer Experience

Technologies such as natural language processing and chatbots, powered by AI, significantly improve customer interactions. Chatbots manage inquiries and assist customers efficiently, while AI-driven recommendation engines provide customized suggestions based on individual preferences. These innovations boost customer satisfaction, engagement, and loyalty.

4. Risk Management and Compliance

AI is crucial in identifying and managing risks, and ensuring compliance within business operations. It analyzes data to spot potential risks and irregularities, useful in fraud detection, compliance checks, and cybersecurity. AI systems not only automate assessments and uphold compliance but also act swiftly to mitigate risks.

5. Supply Chain Optimization

Organizations like Walmart use AI to enhance supply chain management. AI algorithms improve demand forecasting, inventory management, and logistics. This leads to better sales pattern recognition, demand prediction, and stock level optimization, which collectively reduce costs and elevate both efficiency and customer satisfaction.

6. Fraud Detection and Prevention

Financial entities utilize AI to detect and prevent fraud. AI examines extensive transaction data to detect irregular patterns and potential fraud in real-time. This automation increases the accuracy and speed of fraud detection, safeguarding customer assets and reducing organizational risks.

7. Customer Journey Mapping and Personalization

AI transforms customer experience management through technologies like machine learning and natural language processing. Companies such as Netflix and Amazon tailor content and product recommendations with AI-driven systems, enhancing user engagement, satisfaction, and revenue by analyzing behavior, preferences, and historical data.

8. Predictive Maintenance in Manufacturing

Manufacturers employ AI for predictive maintenance, using sensors and performance data to forecast equipment failures and schedule maintenance. This proactive approach reduces unexpected downtime, cuts maintenance costs, and maximizes equipment efficiency.

These examples highlight how AI-driven BPM has the potential to transform various industries, enabling organizations to enhance efficiency, optimize decision-making, and improve customer experiences. By leveraging AI technologies, organizations can achieve operational excellence, gain competitive advantages, and stay ahead in today's rapidly evolving business landscape.

The adoption of GenAI is already underway and it will deliver immediate benefits for many organizations. Leaders must look beyond GenAI, however, and understand how AI in general can drive their strategic goals in the future. Understanding the value of AI for their organization, how investment will be measured and the need for regular communication with all aspects of the business, will ensure the strategy you create has long-term value.

About ERA Group

ERA Group partners with business leaders to tackle their challenges and illuminate their greatest opportunities hidden within their cost base.

ERA has been a pioneer in business strategy and cost optimization since 1992. Today, we help clients validate, improve processes and turn insight into opportunities – enabling organizations to grow, build competitive advantage, and drive bottom-line impact. Built on transparency and trust.

As a global team of strategists and implementation experts, or as we like to say ‘thinkers’ and ‘doers’ – ERA brings deep industry and functional expertise and a range of perspectives to spark change.

We believe we’re the resource that today’s modern leaders need as they navigate a new horizon, face unforeseen challenges and seek out new opportunities.

Running a business can often be complex. We work in partnership with your finance, procurement and operation teams to optimize costs and illuminate opportunities hidden within your cost base – providing access to market insight that can shorten change management timescales and improve your return on supply chain investments.

We’ve helped and are helping thousands of clients, from some of the world’s largest organizations through to local businesses you might not recognize. But not only with local projects – often with complex global projects, teams and stakeholders.

