

BENCHMARK REPORT
EXECUTIVE SUMMARY

by Rizal Ahmed and Grant Suneson **March 2024**

AI AND AUTOMATION IN FINANCE 2024



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Insider Perspective

“AI is very immature. It needs to be proven out and confirmed otherwise it is riskier and will probably result in additional costs to bring in expensive experts to fix the issues it will cause or mistakes that it will make due to incomplete data sets in the AI.”

**– FINANCE MANAGER,
NORTH AMERICA**

IN 2024, FINANCE LEADERS at SAP customers must make difficult decisions to help their businesses navigate a constantly-shifting economic landscape. To help facilitate these decisions, advanced tools like Artificial Intelligence (AI) and automation are reshaping the conversation around how organizations are able to accomplish essential tasks efficiently and accurately. This research explores the increasing demand for AI and automation capabilities and how finance professionals are employing them.

Between January and March 2024, SAPinsider conducted a comprehensive survey involving 159 finance community members to gain a better understanding of the forces and influences driving the AI and automation strategies among SAP customers. In the research, the move to SAP S/4HANA and the opportunity to automate the financial processes it provides emerged as the most significant driver, as noted by over a quarter (26%) of respondents. This indicates a growing focus on leveraging SAP's latest ERP to its fullest extent in order to save time and manual work within finance departments.

According to survey responses, more than four in ten (41%) of respondents and their organizations are currently operating either SAP Business Suite or SAP ECC. Running legacy ERP systems significantly limits attempts to leverage AI and automation technologies. These users will not be able to leverage new automation and AI capabilities that are available in SAP S/4HANA.

Respondents reported that the complexity of business and operational change (53%) was the most significant barrier stopping them from implementing AI and automation technologies. Overhauling underlying systems, such as the move from older ERP systems to SAP S/4HANA, requires a significant investment of time and financial resources.

Other major barriers to leveraging AI and automation capabilities include the perceived security and privacy risks associated with AI and automation (50%), a lack of relevant skills within a given organization (50%), and concerns over data sovereignty and regulations (44%). These barriers indicate businesses are still contending with the novelty and uncertainty inherent in deploying new solutions.

Many organizations are still concerned about relinquishing some of the control over essential business functions to AI and automation, citing fears about data security, compliance, and privacy regulations. Others who may be more inclined to leverage AI and automation capabilities reported that they do not have the expertise they need to implement and utilize these advanced technologies. These issues point to the need for buy-in from business leaders who can equip finance teams with skilled professionals to deploy AI and automation technologies and address any privacy or security concerns in the process.

A deeper dive into the benefits that finance leaders expected from using AI and automation capabilities reveals an emphasis on increased efficiency and cost-effectiveness throughout the finance department. Respondents to the survey are seeking AI and automation tools that allow them to automate repetitive tasks, make essential business functions less expensive, and free up finance professionals to add value to the organization.

A majority of respondents expected that AI and automation capabilities would increase the efficiency of the financial close (63%), reduce overhead for financial activities (52%), and make more time for finance and accounting professionals to focus on higher-value tasks (52%) (Figure 1). Finance departments are under increasing pressure to operate more efficiently and work outside of silos alongside other departments. Finance leaders are optimistic that AI and automation can take on the burden of manual and repetitive tasks, such as the financial close, reconciliations, and processing invoices. By automating these essential business functions, finance departments will ideally be able dedicate more time to value-add projects, such as long-term planning.

Respondents also noted that they expected AI and automation would improve customer satisfaction (51%) and provide them with greater planning accuracy (49%). These two expectations highlight the complex and differing expectations that SAP finance professionals have for their systems. Some organizations want the ability to better support customers and users. Others want to bolster their planning capabilities to anticipate market fluctuations and shifting economic landscapes by utilizing AI.

Figure 1: Expected Benefits of Implementing AI and Automation



Though many organizations are beginning to leverage AI and automation solutions, no tool is being used or implemented by over half of respondents. The closest is automated invoice and payment processing solutions — currently in use by 31% of respondents and being implemented by 17% of respondents.

Other solutions that automated repetitive processes, like financial close automation and intelligent robotic process automation (RPA) tools were a bit farther behind but were being implemented by 13% of respondents. These two tools were going to be implemented in between 12-24 months by 18% of respondents.

Organizations are also taking a deeper interest in advanced planning and analytics tools powered by AI. An analytics cloud platform (22%) is one of the most commonly-used solutions currently. Advanced analytics dashboard technology (19%) and extended planning and analysis solutions (13%) are also key features that many organizations expressed an interest in. However, these more advanced solutions tend to take a backseat to automation projects, as they tend to be farther behind in the evaluation and deployment process.

It is important to remember that these solutions are often new to the market and spreading awareness will take time. For virtually every solution, companies were more likely to be in the evaluation process than actually using or implementing these solutions. Business leaders may be unaware of the promise that AI and automation solutions hold, unsure of which ones to utilize, or just beginning the process of determining which solutions will make the biggest impact for their business. Finance teams must support leaders in their evaluation processes and make the case for the solutions that can deliver ROI in the short-term and well into the future.

There is a clear divide between the organizations using AI and automation to make current processes more efficient (leaders), compared to those who are leveraging advanced planning capabilities (laggards).

Leaders are organizations that report they are ahead of their direct competition when it comes to utilizing AI and automation capabilities, accounting for 17% of all respondents. On the other hand, respondents reporting that their organization is significantly behind its competition are considered laggards. This group makes up 31% of respondents. The remaining 52% of respondents reported they were either equal to or slightly behind their competitors. These respondents and their organizations are noted as industry average.

Splitting respondents into these groups provides insight into how organizations are embracing AI and automation differently. Laggards tend to note that they are behind the curve and just getting started leveraging basic solutions, as 53% of that group reported that increasing the productivity of finance and accounting teams by automating manual and repetitive tasks best describes their organization's overall AI and automation strategy. While this

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“Finance is still in the discovery phase with several proof of concepts being run to discover what is possible with AI and also the limitations of our current data model/systems. There is no formal strategy in this area, just forming a POV and in parallel upgrading finance platforms as a future enabler to AI and automation. There are different maturity levels across the organization that are an inhibitor to a more coordinated response in this area.”

**– F&A PROFESSIONAL,
APJ & ANZ**

Insider Perspective

“We are deeply concerned about privacy in AI so we have established a committee within our company to handle this topic. That way, we can ensure we are also in alignment with general GDPR principles.”

**– DUŠAN RADOŠEVIĆ,
BUSINESS TECHNOLOGY
LEADER, EMEA**

is an important function, leaders reported that they had moved to using advanced analytics, AI, and machine learning (ML) on finance and operational data to enhance integrated planning capabilities (56%). This highlights the key difference between the two groups — leaders are on the cutting edge of AI and automation technologies while laggards are just trying to keep pace with their current functions and are implementing automation to help lift the burden off finance and accounting teams that may already be overworked and lacking in resources.

Another key difference between leaders and laggards is their ERP system. Leaders are much more likely to already be using SAP S/4HANA while nearly half (49%) of all laggards are still working off older ERP systems such as SAP ECC. Just 26% of leading organizations reported that they are still running these ERP systems.

SAP touts its SAP S/4HANA product as an ERP that “integrates AI capabilities into its enterprise applications, such as SAP S/4HANA Cloud, to enhance their functionality and performance. This enables users to leverage AI-driven features seamlessly within their existing workflows.” Without access to the capabilities SAP S/4HANA offers, SAP users are more restricted in their ability to infuse AI and automation into finance workflows.

Much of the difference between leaders and laggard comes down to timing as well. Leaders were already well ahead of laggards in terms of evaluating and deploying AI and automation solutions. For instance, leading organizations are nearly twice as likely as laggards to have financial close and invoice & payment solutions already implemented. Half (50%) of leading organizations are using these solutions, compared to 27% of laggards using invoicing solutions and just 18% using financial close automation. Many other solutions follow similar patterns.

This indicates that leading organizations started the process of deploying financial automation and AI solutions much earlier than laggards. These businesses adopted both automation and AI solutions, as well as SAP S/4HANA, before lagging organizations which allowed them to deploy these solutions throughout their SAP landscapes.

Leaders and laggards also put differing levels of importance on the requirements they have to successfully implement their AI and automation strategies throughout their organizations. Nearly all leaders (93%) said their organization felt it was either important or very important to manage and use data in a flexible and efficient manner to accelerate business demands and use cost-effective and proven hyperautomation tools across finance processes.

However, most lagging organizations (91%) highlighted a need to comply with regulatory and risk management standards. Leaders have very likely already addressed their GRC needs throughout their AI and automation journey and were much less likely to emphasize this choice.



Leaders and laggards also tend to have different executive level business leaders driving the decisions for their organizations. Leaders reported that they are most likely to have Finance Directors sponsoring AI and automation initiatives within their organization (64%). Lagging organizations reported that their CIO or IT manager was primarily responsible for directing the strategy for deploying AI and automation within their finance operations in equal measure (39%). This may be due to the fact that CIOs and IT managers do not have the insight into finance teams specifically to deploy targeted AI and automation approaches successfully throughout a finance department.

When resources are scarce and organizations must advocate for their own teams to get the investment that they need, Finance Directors appear to be more successful in pushing for investment in AI and automation tools for their teams. CIOs and IT managers were more likely to push for a broader, more generic approach to infusing AI and automation throughout an entire organization, whereas finance directors can target specific pain points within finance operations so that their investment can return maximum ROI.

Organizations were broadly on the same page with the benefits they expect from AI and automation initiatives. The top tier included an increase in financial close efficiency (64%), reduced overhead for financial activities (59%), and more time for finance and accounting professionals to focus on higher-value tasks (52%). A majority of respondents see AI and automation taking manual and repetitive tasks off the plates of their finance professionals, making these business functions easier and less expensive to execute while also freeing up finance professionals to do other work.

This other work may include a second tier of response — greater planning accuracy (51%). Leaving behind manual tasks allows finance and accounting teams to plan for the future and ensure their organization is able to meet any financial challenges it faces. Respondents also noted improved customer experience and satisfaction (50%) as an expected benefit. Customers will likely have better experiences if organizations are able to work more quickly and deliver results more accurately.

While those are concrete expectations, respondents were also surveyed about which finance processes would propel them to switch their Finance and Accounting Systems if they contained an AI offering and capabilities?

The top responses to this question (**Figure 2**) were financial planning and analysis (FP&A) (45%) and financial reporting and analytics (40%). This indicates that finance would like to leverage advanced planning and analytics solutions. These tools allow businesses to create advanced projections based on real-time data using AI. These can arm businesses with the capability to operate more intelligently, reducing overhead and promoting efficiency.

Figure 2: Which Process Would Propel You to Switch F&A Systems if It Had an AI Offering?



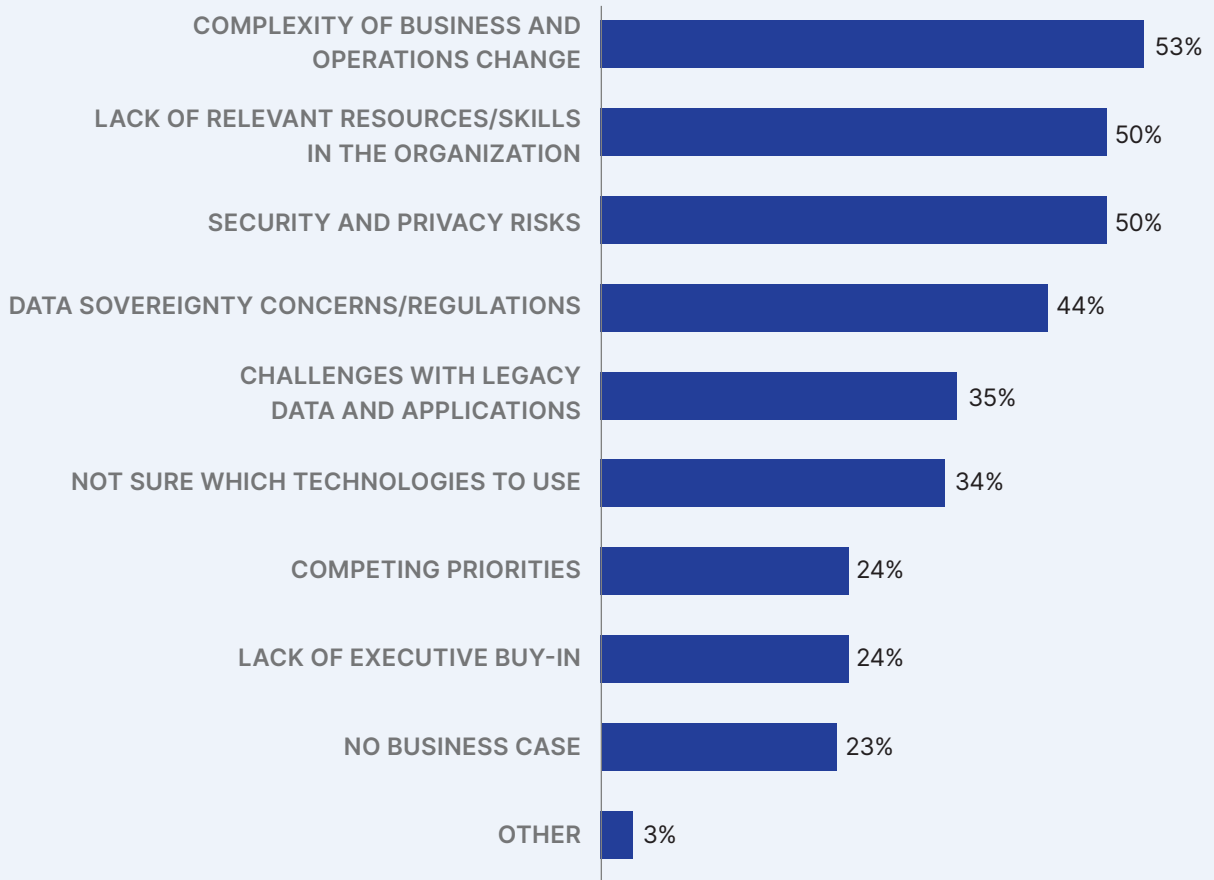
The boom in AI and automation technologies seems likely to become a bigger part of enterprise systems. Business leaders are increasingly on the lookout for solutions that allow them to accomplish essential tasks more quickly and efficiently. Amid uncertain economic conditions, companies will prioritize tools that allow them to reduce overhead and ensure their financial processes are accurate.

However, infusing financial processes with AI and automation tools is easier said than done. The barriers to achieving financial AI and automation goals (**Figure 3**) can be complex and multi-faceted. These include the complexity of changing business operations (53%), a lack of resources (50%), privacy and security concerns (50%), and many more.

Concerns about the complexity of overhauling financial processes are common, yet organizations should not let complacency dictate their business. Rather, these companies should consider the addition of AI and automation as a chance to refine and improve their business operations. Investing time in this process now will pay dividends for years to come.

The evolving slate of solutions from SAP and its partners will continue to provide innovative solutions that allow organizations to access the full scope and power of advanced AI and automation tools.

Figure 3: Barriers to Implementing AI and Automation in Finance



Our study discovered several other findings regarding how SAPinsider organizations approach their strategic priorities around AI and automation in finance, including:

- The finance processes most organizations are planning to implement automation into are financial reporting and analytics (63%), financial planning and analysis (55%), payment processing (47%), financial close (42%), and treasury and cash management (33%).
- The biggest obstacles to implementing AI and automation are complexity of business and operational change (53%) security and privacy risks (50%), lack of relevant resources/skills within the organization (50%), data sovereignty concerns/regulations (44%), and challenges with legacy data and applications (35%).

REQUIRED ACTIONS

Based on the survey responses, organizations should make the following plans around AI and automation in finance:

- **Prioritize the move to SAP S/4HANA and use it as an opportunity to overhaul finance processes.** SAP has hundreds of AI and automation capabilities available in SAP S/4HANA today. Organizations seeking the benefits that AI and automation offers can immediately recognize some of these simply by moving to SAP S/4HANA. While there are SAP partners offering process automation capabilities within SAP ECC and SAP Business Suite, these are much less comprehensive than those available in SAP S/4HANA. While many organizations are delaying the move to SAP S/4HANA due to the complexity of their existing environments and the overall cost of the project, they will be unable to benefit from the more comprehensive automation and AI capabilities available within SAP S/4HANA until they complete that move.
- **Target finance processes that deliver immediate ROI.** Many organizations struggled to garner buy-in from business leaders when it comes to AI and automation. Finding specific processes, such as financial close, intercompany reconciliation, and invoice & payment processing, that can be quickly improved with automation will demonstrate the real impact of these solutions. This can make it much easier to gain executive sponsorship and build the business case for more advanced solutions in the future.
- **Don't ignore the need for long-term planning and analytics.** Many organizations are tempted to go after the “low-hanging fruit” of automation. Simply using automation or RPA to accomplish the same tasks much faster is alluring and can deliver value. However, AI can supercharge growth if used properly. Finance leaders must find the best tools for extended planning & analysis and advanced analytics to allow their organizations to become truly data-driven enterprises, empowering business leaders to act on real-time data and stay ahead of the curve.



DRIVERS

- Calls to modernize real-time reporting and analytics on finance data to improve planning/forecasting (35%)
- The move to SAP S/4HANA provides opportunity for automating finance processes (34%)
- The need to improve the accuracy and efficiency of current business processes (27%)



ACTIONS

- Building end-to-end visibility across finance function workflows and processes (41%)
- Leveraging financial automation capabilities within SAP S/4HANA (37%)
- Automating invoice management and/or procurement processes (34%)
- Enable tracking of KPIs to improve reporting, meet strategic goals and enable continuous improvement (31%)



REQUIREMENTS

- Manage and use data in a flexible and efficient manner to accelerate business demands (83%)
- Automated detection of anomalies and identify key drivers behind financial performance indicators (82%)
- Automation of finance processes and workflows across different systems and technologies for end-to-end visibility (80%)
- Compliance with regulatory and risk management standards (79%)



TECHNOLOGIES

- Invoice and payment processing solutions (50%)
- Advanced analytics and dashboard technology (41%)
- Financial close automation solution (32%)
- Analytics cloud platform (27%)
- ERP integration platform (27%)
- Extended planning and analysis solution (27%)
- Low code/no code tools (27%)
- Process and workflow automation (27%)
- Intercompany balance sheet reconciliation and automation solution (26%)
- Cloud-based AI business services technology (21%)
- Cloud-based data management solution (20%)

Appendix: The Dart™ Methodology

SAPinsider has rewritten the rules of research to provide actionable deliverables from its fact-based approach. The DART methodology serves as the very foundation on which SAPinsider educates end users to act, creates market awareness, drives demand, empowers sales forces, and validates return on investments. It is no wonder that organizations worldwide turn to SAPinsider for research with results.

THE DART METHODOLOGY PROVIDES PRACTICAL INSIGHTS, INCLUDING:

DRIVERS	These are macro-level events that are affecting an organization. They can be both external and internal, and they require the implementation of strategic plans, people, processes, and systems.
ACTIONS	These are strategies that companies can implement to address the effects of drivers on the business. These are the integration of people, processes, and technology. These should be business-based actions first, but they should fully leverage technology-enabled solutions to be relevant for our focus.
REQUIREMENTS	These are business and process-level requirements that support the strategies. These tend to be end-to-end for a business process.
TECHNOLOGY	These are technology and systems-related requirements that enable the business requirements and support the company's overall strategies. The requirements must consider the current technology architecture and provide for the adoption of new and innovative technology-enabled capabilities.

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