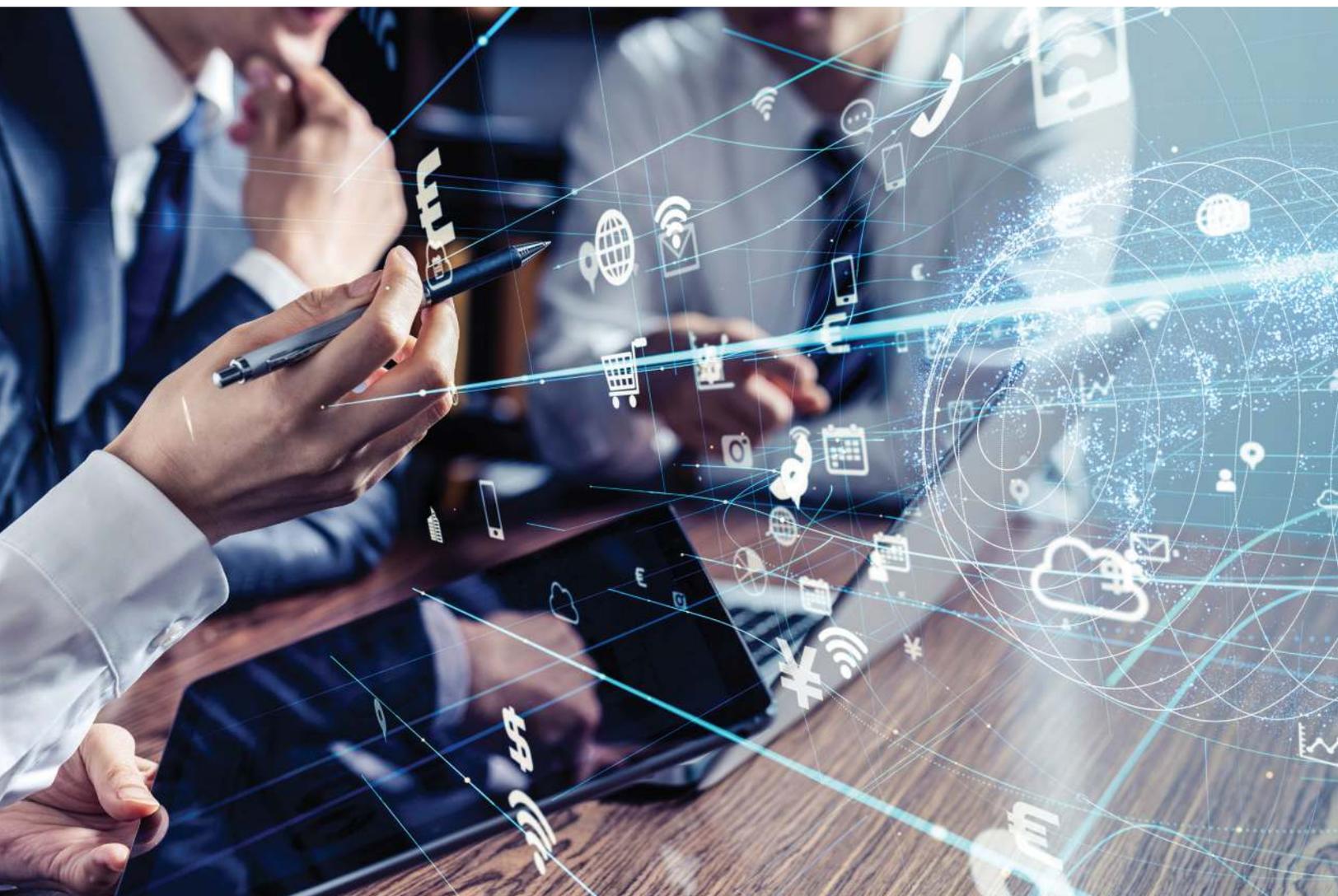


CUTTING THROUGH THE HYPE: How Artificial Intelligence Will Transform Procure-to-Pay



CUTTING THROUGH THE HYPE: HOW ARTIFICIAL INTELLIGENCE WILL TRANSFORM PROCURE-TO-PAY

Artificial intelligence.

- Microsoft Founder Bill Gates likened it to the Holy Grail.
- Technology entrepreneur Elon Musk said it was akin to summoning a demon.
- Futurist Zoltan Istvan said it could present a very dangerous scenario.
- Physicist and cosmologist Stephen Hawking warned that it could spell the end of humans.
- The hype around artificial intelligence (or AI) has reached a fever pitch.



We may hope that machines will eventually compete with men in all purely intellectual fields.

— Alan Turing, *Computing Machinery and Intelligence*

- Pick up a trade publication. Attend an industry trade show. Listen to a webinar. Almost every new technology solution seems to have some element of AI to it. Business leaders have taken notice, prioritizing AI and digital transformation initiatives and making big investments in the technology.

AI uses computer systems to perform tasks that normally would require human intelligence.

- AI learns.
- AI solves problems.
- AI makes decisions.

Unlike robotic process automation, which automates menial tasks, AI automates mental ones.



Artificial intelligence is the science of making machines do things that would require intelligence if done by men.

— American cognitive scientist Marvin Minsky

That's an astounding value proposition for business functions such as procure-to-pay, and one that suggests the hype may be justified.

This white paper cuts through the hype and shows how procure-to-pay will benefit from AI.

Artificial Intelligence Today

Businesses have high hopes for AI:

- 84 percent believe that AI is important to their future success
- 62 percent believe that AI will help create efficiencies
- 55 percent predict that AI will have a major impact on reducing costs
- 62 percent say that AI will help their business remain competitive
- 60 percent expect AI to help their business gain a better understanding of its customers

That's according to an [Ernst & Young \(EY\)](#) survey of US CEOs and business leaders.

In fact, 35 percent of US business leaders surveyed for EY's [21st Capital Confidence Barometer](#) say that AI is the technology that will have the top impact on their business over the next two years.



85%

of US CEOs and business leaders classify themselves as artificial intelligence optimists, citing increased investment and trust in the technology, per EY's report, [The AI Race: Barriers, Opportunities and Optimism](#).

It is no wonder that investments in AI are growing at unprecedented levels. Seventy-seven percent of businesses have implemented AI technologies in their enterprise, according to a survey of 650 global IT leaders conducted by [Mindtree](#), a global technology services and digital transformation firm.



87%

of business leaders say their company will invest in artificial intelligence this year, per EY's report, *The AI Race: Barriers, Opportunities and Optimism*.

Why are businesses so bullish on AI? Eighty-three percent of business leaders believe that AI and other digital technologies provide an opportunity to reposition their overall business strategies.



85%

of US businesses spend between 25 percent and 49 percent of their total capital investments on technology, per EY's *21st Capital Confidence Barometer*.

Artificial Intelligence in Procure-to-Pay

AI will have a big impact on the way that finance departments operate:

- **57 percent** of CFOs believe AI will eliminate errors
- **56 percent** of CFOs predict that AI will reduce costs
- **50 percent** of CFOs expect that AI will increase employee efficiency and output
- **49 percent** of CFOs believe AI will reduce the burden on finance and accounting professionals, so they focus on higher value work that delivers value to the business

These statistics are from [Robert Half's Future of Finance](#) survey.

Twenty-four percent of finance departments currently employ AI, and another 50 percent of departments plan to deploy the technology within the next five years, per Robert Half's survey.



More than 4 in 10 CFOs believe that AI will transform their budget and analysis processes, per Robert Half's *Finance & Accounting* survey.

Procure-to-pay is a prime target for applying AI.

Procure-to-pay professionals surveyed by IOFM spend 84 percent of their time bogged down by a seemingly endless list of manual and semi-automated invoice processes, including data capture. In these manual paper-based organizations, invoices can be received in paper or electronic format by anyone, anywhere in the enterprise, including a branch office, centralized mailroom, finance department, or a purchaser. The invoices are then reviewed and forwarded (usually via inter-office mail) for approval and coding. Much of the invoice approval process resides in the hands of seasoned, trusted employees who can go on vacation, go on maternity leave, quit, become sick, all of which can significantly delaying workflows. Any exceptions are chased through the organization. Once invoices are approved, invoice data is keyed into an enterprise resource planning (ERP) platform or other line of business system, and the invoice is scheduled for payment, and physically filed. Supplier inquiries and management and audit requests for reports and access to documents typically require manual document retrieval.



Inadequate accounts payable processes and systems result in **27 percent** of time spent on waste and activities that could be automated, per PriceWaterhouseCoopers (PwC) research.

All this manual processing results in costly and error-prone keying of invoice information, lost or misplaced invoices, long approval and exception resolution cycles (which result in late fees and missed discounts), compliance and security risks, high paper storage and

retrieval costs, delays uploading data on approved invoices to downstream systems, time-consuming supplier inquiries regarding invoice and payment status, and difficulty implementing operational best practices.

Better and faster decision-making

AI helps eliminate friction from the procure-to-pay lifecycle.

By analyzing data sets and patterns, AI automates menial, time-consuming tasks, such as document classification, data extraction, invoice approval routing, and exceptions resolution. The technology reconciles data, for instance, by finding the supplier from fuzzy names and addresses, or categorizing goods and services based on descriptions. Automatic general ledger coding is then applied and checked against rules and budgets. Whether it's reconciliation, coding or another process, AI understands the tasks that must be performed for a procure-to-pay process and makes decisions.

For instance, AI can streamline operational decision-making in procure-to-pay. The antiquated processes that most businesses rely on for routing documents or assessing risks are insufficient. But applying AI to specific operational tasks enables businesses to remove friction and reduce operational costs, enhance the customer experience and inform strategic decision-making.



Procure-to-pay professionals rank AI among the **most important technologies** to the future of their profession, per IOFM's 2017 Future of Accounts Payable Study.

What's more, AI employs "machine learning" to achieve better results over time. Machine learning uses sophisticated algorithms to eliminate the complex, rigid and time-consuming process of programming all the steps required to automate a business process such as document routing. The technology can "train" itself to recognize documents such as purchase orders and invoices and to perform the necessary tasks

based on their characteristics (such as extracting supplier name, invoice amount, due date, etc.). When the technology encounters a new or unknown object (say, a proof-of-delivery document), it compares its characteristics with known objects to learn what should be done.



AI can help determine where important data resides on a document.

And AI compares data extracted from incoming documents with data that resides in back-end systems, to automatically match (or nearly match) invoices to purchase orders and proof-of-delivery documents, validate invoice information (such as unit pricing), and populate missing data fields.

AI also can mine data to provide contextual insights for decision-making and planning. For example, the technology enables organizations to intelligently leverage data from millions of transactions stored in repositories for spend management or cash flow analysis and liquidity management, or to identify preferred suppliers. AI also helps reduce operational costs through the identification of bottlenecks and the root cause of exceptions, and the predictive modeling of invoice volumes.

78% of treasury and financial professionals surveyed in a 2018 Association for Financial Professionals (AFP) report experienced fraud in the prior year.

AI also will help procure-to-pay departments keep steps ahead of increasingly sophisticated fraudsters. The technology can monitor vast data sets to detect transaction anomalies that may indicate payments fraud. The technology can assign a risk score to each transaction based on pattern detection (time, price, type of good, duplication, etc.), enabling staff to prioritize their document review efforts. Anti-fraud professionals plan to employ AI for predictive analytics and modeling and data analysis by industry,

geographic region, and company size. Within the next two years, 38 percent of businesses will use AI to detect and deter fraud. That's according to a global survey of fraud examiners conducted by the Association of Certified Fraud Examiners (ACFE).



Fifty-five percent of businesses plan to increase their budgets for anti-fraud technology such as AI over the next two years, per ACFE's *Anti-Fraud Technology Benchmarking report*.

All this will help procure-to-pay departments achieve its biggest priorities:

- Faster cycle times
- Reduced processing costs
- Fewer errors
- Enhanced visibility
- Better risk mitigation

Those are benefits worth hyping!

Put Artificial Intelligence to Work

The impact of AI in procure-to-pay is only just beginning.

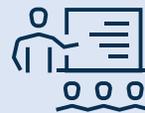
Here are some strategies for leveraging the technology so that your department is not left behind.

- **Don't be distracted by shiny objects.** It's easy to get caught up in "cool" AI applications. But those applications may not deliver the business value that a department needs. A better approach is to establish a structured process for identifying use cases, create a solid business case, use proven methodologies for deploying the technology, and build on your success.



Only 16 percent of enterprises focus on a pain point and then define AI use cases, per Mindtree's report *Make AI Pervasive*.

- **Simplify the employee experience with AI.** It's hard enough to convince frontline staff to adopt new systems and processes. But getting staff to use a complex new system is nearly impossible. Look for AI solutions that offer an intuitive user interface, an experience that is personalized to employee preferences and behavior, and proven employee training.



50% of workers currently use some form of AI at their jobs, Oracle reports.

- **Don't fall into the trap of thinking that AI is simply a way to reduce headcount.** While AI can unquestionably help improve the efficiency and effectiveness of procure-to-pay, businesses are likely to find that one of the most tantalizing benefits of the technology lies in the ability to reallocate staff from heads-down transaction processing to value-added activities, such as data analysis, working capital management, and spend management.



Streamlining decision-making is critical in a world where the pace of business continues to accelerate.

- **Ease worker anxiety.** AI presents an enormous opportunity to improve job functions in procure-to-pay by eliminating mundane tasks and freeing staff to focus on strategic work that adds value to the business. But that doesn't mean that staff won't worry about the impact of AI on their job security. Reduce potential anxiety around the technology by keeping staff informed of AI initiatives, involving staff in identifying tasks to be automated, conveying key benefits of the technology, and providing training to staff with skills gaps. Also consider offering "stretch" assignments to remind staff of their value and leadership potential.



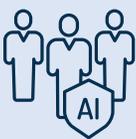
78% of senior finance managers say that increased reliance on technology has had a positive impact on accounting and finance employees, per [Robert Half](#).

- Build employee trust in AI.** While managers are eager to implement AI and optimistic about how it can improve their business, staff may not be so keen. Thirty-three percent of business leaders cite a lack of employee trust as one of the top barriers to AI adoption, per EY's report, *The AI Race: Barriers, Opportunities and Optimism*. To help staff feel optimistic about AI, underscore the technology's reliability, performance, and security.



Embed your AI systems with trust and security by adopting data governance and continuous performance monitoring mechanisms.

- Remember that AI doesn't operate in a vacuum.** Twenty-nine percent of business leaders expect AI to disrupt more than half their business. That means that AI's reliability and performance is critical. Ensure consistent business outcomes by understanding, governing, fine-tuning and protecting all the components embedded within and around the AI system.



Eighty-two percent of U.S. CEOs and business leaders expect their business to be disrupted by AI to some extent within the next three years, per EY's report, *The AI Race: Barriers, Opportunities and Optimism*.

- Mind your data. Data is the linchpin of AI.** Poor data management can undermine a seemingly foolproof business case for AI. Unfortunately, 60 percent of businesses surveyed by [Mindtree](#) say their data infrastructure and architectures are "immature" and not well positioned to deliver

business value. Achieving AI success requires procure-to-pay departments to modernize the way they capture, manage, integrate, and govern data.



Businesses are doubling their data footprints once or twice a year, per [Deloitte's report Data Modernization and the Cloud: Which Trend is Driving the Other?](#)

Conclusion

There's a lot of hype around AI.

But forward-looking businesses already are capitalizing on the technology's power. As AI achieves mainstream adoption in finance departments, AI will result in a massive shift in the way that frontline procure-to-pay employees and other finance professionals interact with technology and their teams. Staff will be freed from routine tasks and have more time to solve critical business problems.

82% of US CEOs and business leaders expect their business to be disrupted by AI to some extent within the next three years, per EY's report, *The AI Race: Barriers, Opportunities and Optimism*.

Empower your procure-to-pay department to maximize the results of its AI initiatives. By following the strategies outlined in this white paper, any business can accelerate cycle times, reduce operational costs, eliminate errors, enhance visibility across the procure-to-pay lifecycle, and better manage its risks.

About Corcentric

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