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# CFO Guide to AI and Digital Transformation

**GUIDE**

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## **In the evolving landscape of digital transformation, CFOs face increasing pressure to leverage modern technologies to enhance financial performance, reduce costs, and bring teams together.**

Yet despite the potential benefits, many CFOs admit they don't fully understand Artificial Intelligence (AI), according to a recent article by **Fortune**. This guide aims to demystify AI, highlight its transformative potential, and provide practical steps for integrating responsible AI practices into your company's financial operations.

### **Demystifying AI: The Transformative Potential**

AI is based on probabilities, rather than rules, and "learns" from data without requiring explicit instructions. AI makes it possible for computers to perform certain tasks that previously only humans could do, such as visual perception, decision-making, and language translation, according to Oxford Dictionaries.

Generative AI takes this one step further. It can be used for content creation, summarization, and answering questions, all using everyday language. AI can be applied to many core business functions, including accounting and finance.

Overall, experts suggest that about 40-60% of the entire accounting and finance function could be automated with advanced AI and enterprise resource planning (ERP) integration. For example, McKinsey & Company estimates that about 42% of finance activities can be fully automated with current technology, while Deloitte suggests that up to 50-60% of accounting tasks can be automated in certain contexts.

### **How CFOs are Working Smarter with AI**

Finance departments are often overwhelmed with data and deadlines. AI applications automate routine tasks, freeing up your team to work on more strategic work. They also help enhance financial forecasting to better predict future trends while increasing accuracy and efficiency. This benefits daily tasks and improves the auditing process.

AI combined with modern business tools, like ERP and Business Intelligence (BI), help CFOs better see the big picture so they can make more informed decisions faster and automate functions to reduce human error and save money.

**“ 95% of organizations plan to expand their use of AI.**  
**- Microsoft, [The State of AI Infrastructure](#)**



## 4 Ways AI Benefits Finance and Accounting

### 1. Accelerated Financial Performance and Decision Making

AI can help identify cost-saving opportunities, optimize resource allocation, and enhance revenue growth through predictive analytics and data-driven insights. AI algorithms can analyze vast amounts of historical data to predict future financial trends, helping your business make better-informed decisions.

By leveraging AI, CFOs can provide more accurate and timely financial insights, driving strategic decisions that enhance the company's key performance indicators (KPIs) and competitive position.

### 2. Reduced Costs and Risk

Automating routine tasks with AI reduces labor costs and increases operational efficiency, allowing finance teams to focus on higher-value activities. AI can automate core functions like planning, analysis, forecasting, financial reporting, and risk management, freeing up time for strategic work. AI can identify and assess potential risks by analyzing patterns and anomalies in financial data.

### 3. Elevated Efficiency and Productivity

AI streamlines processes, reduces bottlenecks, and improves the overall efficiency of financial operations. Automation of routine tasks leads to faster and more efficient operations, reducing the time spent on manual processes.

### 4. Improved Accuracy, Compliance, and Security

AI systems process data with high precision, reducing human error. AI helps to maintain compliance with financial regulations and enhance data security through automated monitoring and reporting. Automated auditing processes improve accuracy and efficiency, reducing the risk of human error.

Now that you know the areas that can benefit from AI, you'll want to take a look at your company's current level of digital maturity—where you are today, and your plans for the future.

# CFO Journey to AI and Digital Transformation

Nine out of 10 people want simpler ways to automate daily tasks so they can focus on the work that matters, according to a recent survey by **Microsoft**.

Outdated technology—including different departments within an organization using different software—generates more administrative tasks and busy work. However, improved access to AI can change that. In the Microsoft survey, the respondents with access to automation and AI-powered tools agree they feel more fulfilled because they can spend time on work that truly matters.

To get started, you'll want to consider your company's current state of responsible AI adoption and digital transformation. Are you where you want to be, and what is your vision for the future? Do you have the tools in place to transform your business? What are the core areas of the business where you want to implement AI?

As an accounting and finance leader, the systems that you use can make or break the company. Outdated systems can negatively impact financial data and accuracy, as well as employee morale. And with the ever-evolving cyber security risks your business needs to be 100% sure your data is protected.

**As the first step, you'll want to evaluate your current ERP solution.**

- **Does it meet the needs and requirements of your organization?**
- **Is the solution cloud-based so your teams can safely and securely access the information they need from anywhere?**
- **Is this a modern solution that will grow with your business in the face of potential disruption, keeping your data private and secure?**

You'll also want to look at the AI and BI tools that are offered by your current ERP provider. For example, if you are using **Microsoft Dynamics 365 Finance** to manage your financials, then your additional tools would include **Microsoft Power BI** for dashboards and reports and **Microsoft Copilot** for AI. These are user-friendly, intuitive tools that do not require technical skills to utilize.

For every \$1 a company invests in AI they get \$3.50 average return in 14 months, according to a recent study conducted by research firm IDC and sponsored by Microsoft.

# 3 Technology Essentials for the Modern CFO

- 1. Modern ERP Solution:** A modern ERP solution, such as [Microsoft Dynamics 365 Finance](#) or [Business Central](#), provides flexibility to scale and update systems as needed. The solution integrates various functionalities like financial management and enterprise resource planning (ERP), offering a comprehensive toolset for digital transformation. The solution must be cloud-based for real-time insights and greater visibility into financial operations. This enables seamless access to data and applications from anywhere, facilitating collaboration and decision-making.
- 2. Transformative AI Tools:** Most ERP solutions offer AI tools to accelerate team productivity, create content, and spark ideas. It is important to review which AI tools your ERP solution offers, how easy they are to incorporate into your business applications, and how they integrate with the rest of the technology you are using to create a connected and positive experience. Transformative AI tools, like [Microsoft Copilot](#), unlock the power to add AI to all of your business productivity tools, like Microsoft Outlook, Excel, and Teams, as well as your ERP. In many cases, AI is automatically becoming part of Microsoft business applications with no action required on your end. [Discover how Microsoft Copilot](#) is revolutionizing the way teams work with advanced AI features across all apps.
- 3. Advanced BI Tools:** BI tools, like [Microsoft Power BI](#), transform how CFOs manage their data with easy-to-use dashboards and improved reporting to better monitor KPIs and keep teams on track. These tools help your team better analyze big data for deeper insights and more accurate forecasting. You'll want to evaluate what type of BI tools you currently have access to and if adding a new solution could benefit your company. Check the level of technical skills required to use the solution you choose to ensure you have a product that your team can easily utilize without extensive training.

McKinsey & Company estimates that about 42% of finance activities can be fully automated with current technology.

Discover how Microsoft Copilot increased one organization's productivity by 25% and communication by 35%. [Read the Blog.](#)



# Forging Your AI and Digital Transformation Journey Path Forward

Effective change management plays a pivotal role in successful AI implementation and digital transformation. Remaining agile and adaptable is essential for long-term success. By fostering a culture of innovation and continuous learning, your organization can emerge stronger and more competitive in an environment of rapid change and transformation.

To ensure a successful journey forward, consider the following key factors:

- 1. Business Objectives:** Prioritize objectives such as customer experience, productivity, revenue growth, and employee satisfaction. Define how you'll measure the value of these goals.
- 2. AI Use Cases:** Identify and prioritize AI use cases that align with your business objectives.
- 3. Responsible AI:** Review resources on responsible AI usage. Choose models and approaches that best suit your organization.
- 4. Secure AI:** Consider principles for secure AI implementation. Ensure end-to-end data protection from platform to applications and users.
- 5. Governance and Privacy:** Address processes, controls, and accountability mechanisms for AI usage. Understand how AI impacts data privacy and security policies.

Best of luck on your AI and digital transformation journey and please [reach out](#) whenever you are ready to start the conversation. We are here to support you every step of the way.

# Velosio: Your Trusted Partner for Modernization

With more than 30 years of experience, Velosio helps businesses modernize applications, simplify operations, and unlock the power of their data. Our experts guide you through every step, ensuring smarter decisions and lasting success.

Are you ready to harness the potential of AI?

Let's Get Started

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