Velosio®

COOs Guide to AI and Digital Transformation

When discussing digital transformation, COOs face increasing pressure to leverage modern technologies to enhance operational performance, reduce costs, and bring teams together. Yet despite the potential benefits, many COOs still don't fully understand Artificial Intelligence (AI). This guide will highlight AI and its transformative potential, and provide practical steps for integrating responsible AI practices into your company's 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 across multiple processes.

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 business 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 COOs are Driving Efficiency with AI

Operations teams often face challenges like resource constraints and process bottlenecks. AI applications can automate routine workflows, allowing your team to focus on higher-value tasks that drive efficiency and innovation. AI also helps improve predictive analytics, allowing you to better forecast operational needs and identify potential risks, all while enhancing accuracy and speed across the board.

When combined with modern tools like ERP and Business Intelligence (BI) platforms, AI gives COOs a comprehensive view of business operations. This enables quicker decision-making and the ability to automate critical processes, minimizing errors and cutting operational costs.

To get started, it's smart to focus on "low-hanging fruit." Look at manual processes, repetitive tasks, and inefficiencies that slow your team down. Consider automating reporting, optimizing workflows, or reducing redundancies. The ultimate goal is to leverage responsible AI practices to optimize operations with minimal human intervention, helping you scale and innovate faster.

> **95% of organizations plan to expand their use of AI.**
> - Microsoft, The State of AI Infrastructure

4 Ways AI Benefits Operations

1. Accelerated Operational Performance and Decision Making

AI can help identify process inefficiencies, optimize resource allocation, and improve productivity through predictive analytics and real-time data insights. By analyzing historical and real-time data, AI provides a clearer picture of operational trends, enabling your team to make faster, data-driven decisions that positively impact your bottom line.

Leveraging AI allows COOs to deliver more precise operational insights, driving decisions that enhance efficiency, key performance indicators (KPIs), and overall competitive advantage.

2. Reduced Costs and Risk

Automating routine operational tasks with AI reduces labor costs and improves overall efficiency, freeing your team to focus on strategic initiatives. AI can streamline core functions like demand forecasting, resource planning, production scheduling, and risk management. Additionally, it can identify operational risks by analyzing patterns and anomalies in data, giving you the ability to act before problems arise.

3. Elevated Efficiency and Productivity

AI simplifies workflows, eliminates bottlenecks, and enhances the efficiency of daily operations. Automating time-consuming, repetitive tasks allows your team to focus on driving innovation and optimizing performance, leading to faster and more streamlined processes.

4. Improved Accuracy, Compliance and Security

AI systems can process operational data with precision, reducing the risk of human error. AI supports compliance by ensuring adherence to industry regulations and standards, while automated monitoring enhances data security. It also enables real-time reporting and auditing, improving accuracy and reducing the risks associated with manual oversight.

A COOs 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 operations 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 always looming 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 COO

1. **Modern ERP Solution:** A modern ERP solution, such as <u>**Microsoft Dynamics 365 Finance**</u> or <u>**Business Central**</u>, 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 <u>**Microsoft Copilot**</u>, 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.

3. **Advanced BI Tools:** BI tools, like <u>**Microsoft Power BI**</u>, 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.

To support your digital transformation journey, explore one of these comparison guides that highlight the key differences of the leading ERP solutions:

<u>Best ERP Systems for Small + Medium Businesses</u>

<u>Best ERP Systems for Enterprise Companies</u>

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

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 promoting 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.

Most importantly of all… enjoy your AI and digital transformation journey! You can learn more about the **power of generative AI on our website** 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.

Visit our website for more insights.

Let's Get Started

Velosio ®